Commissioners

The Province of Alberta

THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF EDMONTON AND CALGARY

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PROCEEDINGS

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Mr. Moffat tenders exhibit.

THE SITTINGS OF THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON, held at the Court House, Edmonton, Alberta, commencing Tuesday, the 23rd day of November, A.D. 1954, at 9:45 a.m.

THE CHAIRMAN: Gentlemen, if you will come to order, we will proceed with the business of the morning.

Is there anything which should be mentioned before we resume the reading of the Strathcona statement?

MR. MOFFAT: Mr. Chairman, there is one thing which I would like to do: there was a discussion at City Council last night which will probably be reported in today's newspapers in connection with the City's proposals in respect to the District Planning Commission; and in order that everybody will be aware of what is happening, I propose to file the proposal on behalf of the City at this time, and if that be satisfactory, to have it given an exhibit number and have it filed in advance of its appearing in the newspapers. It will probably be in tonight's newspapers and that is why we are anxious to get it filed now.

MR. BLACKSTOCK: It was on the radio this morning.

(Laughter).

THE CHAIRMAN: I think you are very wise, and would you like to have that filed now?

MR. MOFFAT: Yes, I would, sir.

THE CHAIRMAN: That will be Exhibit number 78. It will just be filed for the moment as an exhibit and it is not to be read in just now.

MR. MOFFAT: Yes, I will read it in eventually whenever I come on the stand.

THE SITTING ON THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON, held at the Centre House, Edmonton, Alberta, commencing Tuesday, the 23rd day of November, A.D. 1965, at 9:45 a.m.

THE CHAIRMAN: Gentlemen, if you will come to order, we will proceed with the business of the morning.

Is there anything which should be mentioned before we resume the reading of the Strathcona statement?

MR. MOFFAT: Mr. Chairman, there is one thing which I would like to do: there was a discussion at City Council last night which will probably be reported in today's newspapers in connection with the city's proposals in regards to the District. Planning Commission; and in order that everybody will be aware of what is happening, I propose to file the proposal on behalf of the City at this time, and if that is satisfactory, to have it given an exhibit number and have it filed in advance of its appearing in the newspapers. It will probably be in tonight's newspapers and that is why we are anxious to get it filed now.

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(Laughter).

THE CHAIRMAN: I think you are very wise, and would you like to have that filed now?

MR. MOFFAT: Yes, I would, sir.

THE CHAIRMAN: That will be Exhibit number 78. It will just be filed for the moment as an exhibit and it is not to be read in open court.

MR. MOFFAT: Yes, I will read it in evenhandly whenever I come on the stand.

THE CHAIRMAN: Exhibit 78E.

DOCUMENT ENTITLED "AUTHORITY WITH RESPECT TO PLANNING IN THE AREA ADJOINING THE CITY", AS PRODUCED, IS MARKED EXHIBIT 78E AND PUT IN.

THE CHAIRMAN: Now, Mr. Cook, if you please?

ERNEST COOK, having been recalled, on his former oath, testified as follows:

A Mr. Chairman, if anyone is following it on the pages, I think we stopped at the second last paragraph on page 9.

THE CHAIRMAN: Yes.

A " Industry does not want to be in the City of Edmonton and is no different to other property owners in Strathcona Municipal District. It has been suggested there should be farms, thirty sections of farms, included. These farm people do not want to be included in the new metropolitan area under the government of the City of Edmonton.

Evidence has already been submitted before this Commission to show that when a city reaches a certain size and population there is a tendency for percentages of cost in all governmental utility and service developments to rise sharply. Large cities have other serious drawbacks. The actual conduct of affairs gets too far away from the voters, the people who should have close control, and there has developed in many large cities tendencies to types of racketeering control that get out of hand and seem to be impossible to stop.

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" Strathcona is not prepared to recommend a solution based on amalgamation of Jasper Place, Edmonton and Beverly. If Edmonton wants elbow room then it seems reasonable to suppose that Edmonton will be prepared to make a mutually satisfactory agreement with the areas where elbow room is available, that will be attractive enough without asking this Commission to recommend confiscation of taxation values from an area where amalgamation is not wanted, and where such taxation values now exist to other areas.

But, if such an amalgamation can be profitably made to the benefit of all three, Jasper Place, Edmonton and Beverly, and provide Edmonton at that time with needed elbow room, then that may be a reasonable development. It is apparent at this time that it cannot be profitably made to the benefit of all four if Strathcona is forcibly annexed.

It is very positive at this time that Strathcona ratepayers will pay more if there is amalgamation, both in the area it is proposed to include in Edmonton and the area which will be excluded, and the people of Strathcona unless they are doing injury to the people of Edmonton, Jasper Place, or Beverly, or some other adjoining area must have the equal right to determine that they want to continue to live in Strathcona. It is certain the request for change does not come

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"on the initiative of any part of Strathcona Municipal District, neither industry, subdivision resident, business or farmer and it is certain it is vigorously opposed by all sections and categories of Strathcona ratepayers.

Strathcona would like to suggest to this Commission that Strathcona within her own boundary, Edmonton, Beverly, and Jasper Place each within its own boundaries, or within other boundaries of amicable arrangement, can together develop the greatest potential possible in this metropolitan area. There is in the minds of all of us in the Edmonton area a conviction that this is truly a gateway city, that Edmonton has a destiny, but it is possible that Edmonton metropolitan area may have a greater destiny under several units of local governments, than by an ambitious scheme to dominate areas, whose people are as proud of the possibility of future development in Edmonton and who are anxious to contribute to the future of a great Edmonton area, but who want to make that contribution in a way they think is more effective than to be brought under one government to attempt to oversee the tremendous investments and the tremendous expansions of the future.

This then is the proposal of Strathcona, a separate and distinct proposal for the consideration of this Commission; there shall be no change in boundaries; there shall be development affecting

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"the metropolitan area under proper technical planning advice; there shall be a recognition of the need of the wide acceptance of negotiation and agreement between the governments affected by, or interested in, the development of the Edmonton area; and there shall be the greatest possible measure of integration in the actual development of utilities and services within the metropolitan area.

Mr. Harries' brief will examine the proposal of the City of Edmonton, a proposal which must have come before this Commission in good faith and with a desire to achieve the best results, but a proposal which has the weakness first of opposition on the part of one of the important units in the metropolitan area and which has not full support by two other units. Jasper Place and Beverly want and need changes, but each is very loath to give up its position of autonomy.

Strathcona is alive to the problems of metropolitan area development. Strathcona is able to plan development of that part of the metropolitan area within its boundaries, with proper relation to physical and social values, to find capable personnel and achieve such development in an orderly and efficient manner with co-operation between different units.

No proposal by Strathcona M.D. before this Commission may be complete without definite state-

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ment of the thinking and suggestions of members of Council on planning, both local and regional. Several years of active participation in the deliberations of the Edmonton District Planning Commission has offered opportunity on which to base opinions.

First let it be on record that the members of the Council of Strathcona M.D., individually and collectively, are aware of the importance of planning as a function of local government. Effective planning within the jurisdictional territory of the local government and co-operative approach to and proper recognition of regional and related development, requires the study and advice of planning experts.

Expert planning advice is as essential as legal advice, engineering advice, assessment, accounting and other necessary functions of trained personnel in the efficient conduct of local government. Decision on the part of Council not to implement recommendations of any expert authority may be taken only because of circumstances making such implementation unreasonable because of factors so adverse as to be dominant, perhaps temporarily.

But in the opinion of Council the decision to do or not to do is the responsibility and prerogative of elected members of such government in planning as in any other function. This may not be delegated for final decision to the expert, no

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"matter how competent, whose first and primary interest is centered in one aspect of local government, and who has not, of necessity, the information and comparative weightings of other matters, nor democratic responsibility for his mistakes.

Considerable emphasis has been placed on the fact that two of the representatives of local government in the Edmonton area have been withdrawn from the Edmonton District Planning Commission. The fear has been expressed that this action on the part of Sturgeon M.D. and Strathcona M.D. betokens possibility of non support of the principles of regional planning by these two local authorities and may well make too difficult the maintenance of any regional authority. In any event without the active participation of two important governmental units the regional authority is weakened.

In both cases the withdrawals were in protest against attitudes taken by the staff, and not because of any lack of belief in the principle of regional planning, nor because of disagreement with majority opinion expressed by members of the regional group.

Strathcona will return to the Commission when it has been assured, or has assured itself, of a position within the Commission commensurate with the importance of its necessary decisions. The

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"City of Edmonton has had well trained personnel in its own planning authority. Perhaps inevitably much of that planning has been of areas outside the City and in the M.D. of Strathcona. Perhaps just as inevitably the Council of Strathcona has not always agreed that a principle several times enunciated by Edmonton spokesmen that "what is good for the City must be good for areas surrounding the City" is true.

It is the feeling of Strathcona that the Planning Commission has been unduly pressured by expert suggested solutions, first, of the planning needs of Edmonton. The development in Strathcona has been fast and planning needs of Strathcona are very important in the whole scheme of Metropolitan planning; and to Strathcona of equal importance. It is the conviction of the Council of Strathcona that lacking proposals from its own planning experts for submission to the regional planning Commission a Strathcona representative has been continuously in a position of defence without positive independent alternatives or lateral plans to those proposed by a very aggressive planning group of the City of Edmonton.

Strathcona proposes to set up its own planning division and will then be willing to return to the regional board equipped to submit, as does Edmonton, positive studied views for consideration by the

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"members of the Commission. The present technical staff of the District Planning Commission cannot function satisfactorily when only one of its members is supported by a group of experts whose decisions are primarily intended to satisfy one member government of the Commission, not necessarily to the benefit of one or more other member governments: and when the opinions of two sets of experts may not agree.

The Council of Strathcona M.D. submit that the entire technical staff should be reorganized so that each technician shall be the direct employee of one or more of the governments forming the District Planning Commission. The Commission then would avail itself, if necessary, of further advice through appeals to an independent authority set up by the Province as to technical differences. There is a possibility that there could be co-operation in the acquisition and use of necessary office and equipment but the present structure of one office staff under one head, to operate in the interests of all member local governments, lends itself to pressures and disagreements that have made the operation of the Commission unbalanced to such a degree it seems unlikely such set up can function satisfactorily.

The intent here is to assure that a planning technician who works with a local government in

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"planning will be a person independent of other technicians to present to the members of the Commission the technical aspects of planned proposals. As now such technician may agree with Council and then be overruled by a member of the staff who is his superior, and may not be free to present a case as agreed with Council but a proposal decided by the technical head of the Commission. The entire proposal may be turned down by superior ranking personnel and so the sitting of the Commission becomes in effect a presentation by a member to the technical head of the Planning Commission and only indirectly to the members of the Planning Commission.

The technical head of staff, an employee of all members, may now not only decide technical matters but is subject to pressures outside his field, including ambitious and competitive positions of different member governments, each of whom are his direct employer.

Strathcona has a deep appreciation of the difficulties of the decision that this Commission is asked to make, and we trust that this submission will be of some assistance to you in the performance of your task.

Respectfully submitted,

Council,
M.D. of Strathcona No. 83".

THE CHAIRMAN: Thank you, Mr. Cook. Our understanding is that the Municipal District of Strathcona will have the opportunity of making additions or withdrawing or revising the submissions at the hearing in January.

MR. BROWNLEE: Thank you, Mr. Chairman.

MR. ROBISON: I would hope that when the Municipal District of Strathcona comes back in January, it will present a more objective and factual document than the one they have just presented, than the one we have just listened to.

MR. BROWNLEE: We will certainly give consideration to your suggestion, sir.

MR. COOK: The facts will be added to that, Mr. Robison.

(THE WITNESS RETIRES).

MR. MOFFAT: Mr. Chairman, it strikes me that for the sake of convenience there are a couple of more exhibits which might be conveniently put in at this time. There is a table at the back of the Harries' memorandum which has a set of figures in it very similar to the set in one of our exhibits, and I think it might be well to just draw attention to that, and have them filed at the same time so that anyone following through the record will see the comparisons between them.

THE CHAIRMAN: Excuse me a moment, Mr. Moffat, what page?

MR. MOFFAT: Page 19 of the Harries' report, 19 and 19A.

THE CHAIRMAN: And your suggestion is what?

MR. MOFFAT: I have a tabulation of the same material, same headings, same set-up, with slightly different figures which I think should be entered right alongside of it so everyone will be aware that there are two sets of figures dealing with exactly the same set of circumstances.

MR. DAVIES: Mr. Moffat, we are not having the Harries' exhibit printed into the record.

MR. MOFFAT: No, I knew that, I just wanted to draw attention to it, have it on the record that there are two sets of figures and it might be as well to give it an exhibit number -- to our exhibit.

MR. ROBISON: Have you got in a form to present as an exhibit?

MR. MOFFAT: It's already in, Mr. McGruther has a copy; it's just a matter of giving it a number.

MR. BROWNLEE: As I mentioned to my friend the other day, there will be some corrections to some of the figures in the Harries' brief, which should be forthcoming immediately.

THE CHAIRMAN: You would be agreeable to the acceptance of this exhibit at this time?

MR. MOFFAT: My tabulation is headed "Strathcona Municipal District Financial Data" -- and Mr. McGruther already has it, it was filed last week, and it was just a case of giving it a number and identifyingit as being the same material that is in there.

THE CHAIRMAN: That will be Exhibit 79E, then.

DOCUMENT HEADED "STRATHCONA MUNICIPAL DISTRICT FINANCIAL DATA", AS PRODUCED, IS MARKED EXHIBIT 79E AND PUT IN.

MR. BLACKSTOCK: What title did you give it?

MR. MOFFAT: "Strathcona Municipal District Financial Data".

THE CHAIRMAN: The same title used by Mr. Harries.

MR. ROBISON: Where the experts differ on figures how is the Commission to know which is correct?

MR. MOFFAT: I am sure we can tell you what the difference between the two sets of figures is. I am sure we can explain because we worked together on the material, and I think we should have them identified as being together.

MR. DAVIES: A further point arises: this exhibit that you are now putting in is part of numerous different sheets of separate statements.

MR. MOFFAT: Yes.

MR. DAVIES: That all came to us before our sittings opened, and the question then arises whether or not all those should be given exhibit numbers.

MR. MOFFAT: Well, I was wondering about that, too, sir.

MR. DAVIES: Doubtless we are going to have this one dissociated from the rest of the material.

MR. MOFFAT: I think it should be dissociated because it deals with different material, with a different subject. I think that group of documents you have in your hand is going to have to be broken up into the various subject matters, into the various subject matters as we put them in.

THE CHAIRMAN: Mr. Moffat, we will depend on you at the proper occasion to call our attention to this sheaf of documents and have the proper one entered and numbered at the proper time.

MR. MOFFAT: Yes; I wonder whether you would wish me to do it this way: by putting part of them in as the opportunities arise, or whether it would be better if I went on the stand fairly soon now and gave them all an exhibit number and then we could refer back. I leave it to the Commission which way would be more convenient. I think we will find it difficult if we leave all those to the end before we get numbers, before we give numbers to them because, because there is going to be a good deal of reference.

THE CHAIRMAN: My own preference would be to have them entered and numbered at the proper point in the record.

MR. MOFFAT: Just like what I have done here with this one?

THE CHAIRMAN: Yes. Item number 3 on our calendar is the submission by Sherritt Gordon Mines Limited. I think yesterday Mr. Clement identified himself or re-identified himself by saying he appears on behalf of Sherritt Gordon Mines Limited.

MR. CLEMENT: Sir, I would like to take advantage of your invitation to informality in these proceedings, and have a portion of the submission read by Mr. Charles Hames, who is plant manager, and a portion read by Mr. Winslow Hamilton, and the reason for that, sir,

MR. CLEMENT: (Cont.)

is this: in the course of preparation we felt it desirable to bring to your notice some matters to which Mr. Hames could speak more directly and who would be able to answer questions better on cross-examination; whereas, some of the other investigations were conducted by Mr. Hamilton, and I think he would be of more assistance to you there. With your permission I will follow that course.

THE CHAIRMAN: Mr. Clement, I just want to interject this remark: that we had a bit of confusion yesterday because of having questions answered back and forth by representatives of Canadian Chemical. Now, we don't propose to have that happen again.

MR. CLEMENT: I wasn't going to suggest that course, sir: I think I can compartmentalize this so that when Mr. Hames is through he will step down, and Mr. Hamilton will take over.

THE CHAIRMAN: Will step up?

MR. CLEMENT: Will step up.

THE CHAIRMAN: Thank you very much.

MR. CLEMENT: There are two other observations I would like to make, sir, and one is that the statement, the submission, the written submission is more in the form of a summary, and with your permission the submission will be the basis of a discussion.

The other point is that Mr. Eldon L. Brown, the President of Sherritt Gordon Mines Limited, arrived in town last night with a view to assisting this

MR. CLEMENT: (Cont.)

Commission as best he can. However, the preparation of the brief was necessarily done locally and he is not perhaps as familiar with the contents of it as Mr. Hames who has assisted us; so he is here to assist, if he can, sir, but will not take a part in the reading of the brief.

MR. BRYAN: In many of the briefs the opposing parties have been supplied with copies so we can make notes as we go along. It's very difficult to cross-examine when we have nothing before us to make notes or check up what we wish to ask. I was wondering if there are any copies available.

MR. CLEMENT: I have only prepared sixteen copies, sir. They ran out yesterday and I am having some more prepared but they are not ready yet, and I am sorry I cannot accommodate Mr. Bryan at the moment.

THE CHAIRMAN: But you have reasonable hope that during the day you will have them?

MR. CLEMENT: Yes, yes.

THE CHAIRMAN: And the City hasn't any?

MR. MOFFAT: No.

MR. CLEMENT: That is unfortunate. We had thought that sixteen was enough but apparently it wasn't. I am sorry, I just haven't got them here now.

DR. MAYO: Did the Commission get ten copies as required?

THE CHAIRMAN: No.

MR. CLEMENT: Mr. McKenzie had informed me that seven were enough, and seven were provided, sir.

THE CHAIRMAN: Yes, but I remind you of the published advertisement, my dear sir.

MR. CLEMENT: Perhaps I was wrong in relying on advice of counsel, instead of reading the papers.

MR. BRYAN: Mr. Chairman, would it be possible, if we are not furnished with these briefs, that we be permitted to cross-examine at a later time, because it is manifestly unfair on a matter as important as this to have nothing before us on which to base a cross-examination. We would like that privilege if we are not to have copies of the briefs either today or tomorrow.

MR. CLEMENT: Well, I certainly don't want to hamper my friend and I will be glad to lend him my copy for purposes of examination -- if that will be of any assistance.

THE CHAIRMAN: Mr. Clement, it's not an impossible job to reproduce a document of this size; how soon could you expect to have them?

MR. CLEMENT: Well, I suppose if we left out the citations from the statute which are merely put there for comparison purposes, I might have it after lunch, yes.

THE CHAIRMAN: Yes, after lunch, and then we will certainly have the opportunity of cross-examination this afternoon.

MR. MOFFAT: Would there be any reason why it couldn't be read into the record now and cross-examination deferred until tomorrow morning? Personally I would much prefer to work from a copy rather than try to make notes as it is read.

THE CHAIRMAN: Well, there's only one comment to make in answer to that question, Mr. Moffat: Mr. Clement has asked the Commission formally to bring this presentation and cross-examination on as early as possible. Now, will tomorrow morning be satisfactory, Mr. Clement?

MR. CLEMENT: Well, if I may ask Mr. Hames, sir -- you see, he runs the plant out there and he has to make the money to pay the taxes, and we can't keep him from that job too long, sir.

MR. COOK: Don't keep him here then.

(Laughter).

MR. DAVIES: After all, Mr. Moffat, I don't think it was understood that every private person making a submission to this Commission should be required to print sufficient copies to distribute them among everybody here. It was intended that those representing public bodies such as municipalities and Jasper Place and Beverly and so on, that they should supply sufficient copies to be distributed among all: but it was never suggested that individual applicants should be under an obligation to furnish everybody with copies.

MR. MOFFAT: That's perfectly true, I know that. Now, I see you have a couple of copies -- .

MR. CLEMENT: I have done some scrounging, and perhaps we can get along with the business now.

MR. BRYAN: Perhaps I better give this back to Mr. Clement; he's got all his private notes on it.

MR. CLEMENT: Well, we are on the same side.

MR. BRYAN: I have some doubts as to that.

CHARLES AUSTIN HAMES, having first been duly sworn, examined by Mr. Clement, testified as follows:

Q Mr. Hames, you are plant manager of the Sherritt Gordon chemical and metallurgical plant at Fort Saskatchewan?

A Yes, sir.

Q And you are a graduate engineer of Queen's University?

A Yes.

Q And you have been in the service of Sherritt Gordon Mines Limited since 1939?

A Yes.

Q Perhaps, Mr. Hames, you might just tell the Commission briefly the nature of the Sherritt Gordon operation. You have a mine at Lynn Lake?

A Yes, we operate a mine in Northern Manitoba at Lynn Lake where we produce a nickel concentrate which is shipped to our refinery at Fort Saskatchewan.

Q A railroad had to be constructed to Lynn Lake?

A That's right.

Q In order to move the ore?

A A new extension had to be built of the C.N.R. from Sherridon to Lynn Lake -- this new extension was put in and completed as of last year, a distance of a hundred and fifty miles from the mine to the rail-head at Sherridon.

Q And the concentrate comes here over C.N.R. trackage?

A Yes.

Q And what is your process at Fort Saskatchewan?

A We have a leaching process for extracting the metal from the nickel concentrate which involves mainly the use of ammonia, and one of the prime reasons that we had to come to the Province of Alberta is that the cheapest ammonia is made from cheap natural gas.

Q The process that you have developed, Mr. Hames, for the refining of the nickel, I understand, is somewhat unique?

A It is certainly new.

Q Yes; developed in your pilot plant at Ottawa?

A That's right.

Q Are there any other refineries using that process?

A Not the leaching process as we use it with anhydrous ammonia. There are sections of our process that are similar to other processes that are relatively new, have started in the last three or four years.

Q Now, having determined upon the construction of a chemical metallurgical refinery, you set about looking for a site for that plant, did you?

A That's right.

Q Where did you consider locating?

A As I say, the anhydrous ammonia being the most important reagent, we had to look for a source of cheap natural gas, and during 1951 that naturally pinpointed our location to somewhere in Alberta. We did have -- we were approached by the City of Saskatoon at that time to see if we wouldn't

A (Cont.)

consider a location in Saskatchewan. However, in 1951, their program of drilling had just started, and we didn't feel we could take the risk of relying on a source of gas in Saskatchewan; so we did consider three or four places in Alberta, and ultimately chose our present location.

Q The gas supply in the Province of Saskatchewan has improved since 1951?

A I think probably it has, yes, I think probably it would be a different picture for anyone planning today.

Q Now, what other requirement did the company have in mind in locating its plant?

A Well, we naturally had to have a very large supply of water and I would say that in the sites we considered there was adequate water supply.

Q And that includes the City of Saskatoon?

A That's right.

Q Then freight rates would be a consideration?

A Freight rates -- actually, geographically, we all know that Saskatoon is certainly closer to Lynn Lake than Edmonton is, and Edmonton is certainly closer than Calgary or points south that we considered. Definitely there is a disadvantage on freight: we pay more on inward freight and we pay more on outward freight, because our products are -- particularly our nickel metal -- all shipped east.

Q Mr. Hames, I understand the distance from Lynn Lake to Fort Saskatchewan is 856 miles?

A That's right.

Q And to Saskatoon?

A 548 miles, I believe.

Q So you have a freight differential of 217 miles each way, which had to be taken into account when the City of Saskatoon approached you?

A That's right.

Q Now, Mr. Hames, have you competition in the nickel refining business?

A Yes, we have, considerable. We represent about five percent of the world's output and our competitor represents eighty percent -- we are very small.

Q Your competitor is who?

A International Nickel, and, of course, Falconbridge.

Q I meant in the way of refining nickel?

A International Nickel is perhaps the only one; Falconbridge nickel is refined in Europe. In Canada, of course, we compete with International Nickel who are located in the east.

Q At Port Colborne, Ontario?

A That's right.

Q I understand that it is only Sherritt Gordon at Fort Saskatchewan and International Nickel at Port Colborne that refine nickel in North America, on this continent?

A That's right.

Q And your production is five percent of the total and International eighty percent?

A Yes.

Q They produce sixteen times as much?

A That is right.

Q Now, how do freight rates enter into the competitive picture with International Nickel?

A Well, our nickel is sold on the Port Colborne price of nickel which naturally means that we have to pay freight allowed to Port Colborne on our nickel produced here -- in other words, we equalize the freight to Port Colborne.

Q Equalize the freight by paying it yourself?

A That's right.

Q I see; from here to Port Colborne?

A Yes, that's right.

Q The next two items in the brief, Mr. Hames, are under, on page three, clauses (d) and (e): Anticipation of fair and equitable tax treatment, and the Industrial Development in Strathcona already in progress. Those two matters were in the mind of the company when the selection of the site at Fort Saskatchewan was made?

A Yes, we certainly had to look into all these matters in choosing a location. Our officials discussed tax structure with Canadian Industries and Canadian Chemical who were at that time already underway with their projects in the Municipality of Strathcona; and further to our discussions with the officials of Strathcona, we were able to assume that we would have a fair and equitable tax treatment; something

A (Cont.)

concrete in that: the officials of the Municipality told us that in 1950 their mill rate was 44 and they anticipated by 1954 that rate would be down to around 22 mills.

Q Wasn't it by the time you got in operation it would be down to 22 mills -- according to the schedule given?

A That's right. In 1951 it dropped to 35 and right now it is actually 25, and our feeling -- and I believe it is the feeling of the other industries here, that with more industrial development in Strathcona that mill rate will decrease, yes.

Q And those considerations were in the mind of the company in selecting their site?

A That's right.

Q By the way, Mr. Hames, can you give me roughly the ratio of capital investment in plant and machinery to land and buildings?

A As close as we can tell -- we are still under construction and only under partial operation of our plant -- but it would indicate, the figures that we have would indicate approximately 70 to 30.

Q Seventy percent plant and machinery?

A That's right.

Q To thirty percent land and buildings?

A That's right.

Q As a matter of fact, you have had only a token assessment for this year because you are not completed there yet?

A That's right.

Q Now, the next item under this heading is the one, the availability of a suitable site, a suitably large site in a non-urban area. Mr. Hames, I believe you have some 800 acres of land there?

A That is right.

Q Of which about how many acres are effectively used in the plant operation now?

A Oh, the actual plant buildings use about thirty acres; we have about a forty acre section used for waste disposal and probably another thirty acres are taken up with roads to water pumping stations and the balance of the land is farm; so actually we are using about 150 acres of the 800 acres we have.

Q What did you say about plant disposal?

A We have a solid waste -- solid waste material from our leaching process. Now, it is waste as at this moment but it has potential value as an iron product and we are saving that and storing it.

Q And where is it stored?

A In the back of our plant, in the utility storage area.

Q There is an actual conformation of the ground there that assists that, is there?

A No, we have had to excavate and build a pool.

Q I see, and how much does that build up per day, that storage?

A Approximately 180 tons a day at full capacity.

Q I see, and it might have some future salvage use, might it?

A We feel definitely that it will be in our expansion program to retreat that material.

Q Well, of the additional acreage that you have there, Mr. Hames, what do you anticipate it will be used for?

A Well, a large part of it provides a substantial green belt area between the town of Fort Saskatchewan and our plant and it certainly allows us plenty of room for future plans and expansion.

Q Yes?

A In the meantime it is productive, it is productive farm land and we have it there --

Q It makes available space for your own expansion including the use of your tailings?

A Yes.

Q And it makes available a site for any related industries, I believe, Mr. Hames?

A Yes, it does.

Q What has been developed lately in that respect?

A It has been announced that Inland Chemicals are building a one hundred ton a day sulphuric acid plant right alongside of us -- in fact, on our property.

Q You are giving them a leasehold interest for that purpose?

A That is right.

Q And that will be a substantial investment, I believe?

A Yes -- I don't know exactly what it will be -- about a million dollars.

Q I wonder, perhaps, Mr. Hames -- you have a copy of the brief before you?

A Yes.

Q I wonder if you would turn to the last page and read that to the Commission. It deals with your anticipated expansion.

A "In this submission SherrittGordon is concerned for the future as well as for the present and has located here with a view to creating a permanent chemical metallurgical centre in Alberta, analagous to the metallurgical centre at Trail B.C. We respectfully submit that now is the time, if ever, to create reasonable competitive conditions for local industry in order that it may grow and expand, and so by intelligent use of the natural resources of Alberta, provide a balanced economy which will serve the best interests of the Province throughout the years to come."

Q The operation at Trail, B.C., is a well-known extensive operation?

A Yes, Consolidated Mining was a mining company which can quite easily be called a chemical company today. Sherritt Gordon is much in the same position: we are a mining company, and it has now switched over to chemical-metallurgical, and we expect a growth and expansion in our chemical industry.

Q Now, Mr. Hames, I think perhaps the Commission would be interested in some statistics as to your employees

Q (Cont.)

and payroll, where your employees live and so on. Could you tell the Commission how many employees you have and where they live?

A As at the moment we have 411 employees, 91 living in Edmonton, 2 in Beverly, none in Jasper Place, 281 in Fort Saskatchewan, 15 in the Municipality of Strathcona -- that is, other than Fort Saskatchewan -- and 22 others.

Q Bruderheim and places like that?

A Yes.

Q And you say 91 are living in Edmonton?

A That's right.

Q How many originally wereliving in Edmonton? How many did you draw from the Edmonton labor pool?

A Well, originally, previous to the present employment it was 118.

Q 118, and it is now down to 91?

A That is right.

Q And they are moving into Fort Saskatchewan?

A Yes, housing is slow in Fort Saskatchewan but it is coming along.

Q I wonder if you would tell the Commission what you did in respect of the anticipated needs of employees for housing in Fort Saskatchewan?

A Well, our operation has been classified a defence industry, and as such --

Q Well, first of all, let's go back to the beginning of what you did. You acquired land from the town at pre-inflation prices?

A That's right.

Q Low cost land for housing?

A That's right.

Q And you made that available to every employee who wanted to build?

A We made it available -- last year we acquired in the first piece about a hundred lots and at that time we had about eighty employees in Ottawa who were under training and also some in the operation at Sherridon who were moved to the refinery, and they were given the option of taking up these lots at the same price we paid for them.

Q Yes, and then to assist them in building homes on those lots, what did the company do?

A They were instrumental in discussing with Mr. Howe having our industry classified as a defence industry and as such our employees can enjoy the privileges of defence housing, ten percent down.

Q And get loans under the -- ?

A Central Mortgage. We were instrumental in interesting contractors to come in and start these houses. Last year I believe 70 homes were constructed, and again this year another 35 defence homes have been undertaken.

Q I see, Mr. Hames -- I didn't ask you where your nickel is sold, we spoke about your competition at Port Colborne -- is your market in that area?

A No, our market is actually in the Pittsburgh area.

Q That is, the Northeastern States?

A Yes.

Q And you have to compete with Port Colborne which is much closer to that market?

A Exactly.

Q What is your payroll for these employees, these 400 employess you have spoken of?

A $140,000.00 a month.

Q $140,000.00 a month, an average of what?

A Well, it would average roughly $350.00 a month, somewhere in that order.

Q 91 employees bring that much money into the City of Edmonton each month?

A I think specifically there is one statement here of $146,800.00 payroll for the month, and $32,565.00 went to Edmonton.

Q And have you some estimate as to what school children are involved?

A Yes. The children going to school now of our employees is a total of 242; 38 going to school in Edmonton, 2 in Beverly, none in Jasper Place, 188 in Fort Saskatchewan, 6 in the Municipality of Strathcona, and 8 in other locations -- Bruderheim and beyond Strathcona.

Q Could you repeat those figures?

A 38 in Edmonton, 2 in Beverly, zero in Jasper Place, 188 in Fort Saskatchewan, 6 in the Municipal District of Strathcona, and elsewhere another 8.

Q Do you expect a trend of movement of your employees from Edmonton to Fort Saskatchewan? Do you expect that trend will continue?

A Yes, definitely. Mind you, there's quite a few employees who were located in Edmonton and have their homes here; but on the whole quite a few of them are selling out and will move to Fort Saskatchewan as soon as housing is available.

MR. CLEMENT: Sir, would you like this to be put in and marked as an exhibit, or are the figures quite sufficient?

MR. ROBISON: I think it should be put in.

THE CHAIRMAN: That would be my feeling, too, Mr. Clement.

MR. CLEMENT: I think we have almost enough copies of this, sir.

THE CHAIRMAN: The brief will be Exhibit 80E.

BRIEF OF SHERRITT GORDON COMPANY, AS PRODUCED, IS MARKED EXHIBIT 80E AND PUT IN.

THE CHAIRMAN: The list of information with regard to employees and their places of residence and children and so on, will be 81E.

SHERRITT GORDON MINES LIMITED EMPLOYEE REPORT, AS PRODUCED, IS MARKED EXHIBIT 81E AND PUT IN.

Q MR. CLEMENT: Is there any nuisance created by your plant, any odors and so on?

A No; we do have at this time a slight smell of ammonia which we can attribute to the starting up of our operations -- we have a lot of tuning up to do -- at the moment there is some ammonia smell; and I am sure we are very pleased we are located where

A (Cont.)

we are, away from town and certainly away from the City and we have that possibility.

Q Now, I wonder if you would read to the Commission the paragraph under heading (c) on page 4?

A "Sherritt Gordon does not require the high level of municipal services associated with an urban municipality. This is undoubtedly true of the other heavy industries which are in many particulars self-serving. However, even in Strathcona, which with respect to industry is a low service area with a resulting low tax rate, it is still found that the burden of tax on industry is greater than it ought to be required to assume, and puts it at disadvantage with competition in other industrialized provinces."

Q Yes, now, if you would just go briefly over your requirements -- or perhaps, I should say, lack of requirements for municipal services; in respect of water, do you supply your own?

A Yes, we do.

Q You have your own pumping plant to take water from the river, do you?

A Yes, and we have our own water treatment plant.

Q And a treatment plant as well?

A Yes.

Q And power is purchased where?

A We purchase part of our power from Calgary Power, and we generate part of it.

Q And you generate part of it yourself?

A Yes.

Q And the telephone system is the Alberta Government Telephone System?

A Well, we have an intercommunication system of our own, and then we have out lines on the Alberta Government Telephone System.

Q What about policing?

A We have our own security guard.

Q And fire protection?

A Yes, we have our own fire fighting equipment, and our plant is completely circled with a hydrant system, and we have our own fire brigades.

Q Yes, and you even have your own fire hall, as I recall it, when I was out at the plant?

A Yes.

Q And roads, what demand do you make for roads?

A We have all the roads throughout the plant and sort of tie on to a municipal road, extended three quarters of a mile between our plant and Fort Saskatchewan; but the roads throughout the plant area are all our own construction and we keep them up.

Q So I take it you are in much the same position as Canadian Chemical, that you make little demand on the Municipality and your tax dollars are used for the general good rather than toward any direct benefit for Sherritt Gordon?

A That's right.

Q I suppose, however, that the fire fighting equipment that you have supplied in lieu of municipal services, they assess you on that just the same, Mr. Hames; you pay taxes for it just the same?

MR. COOK: Not on the fire fighting equipment.

(Laughter).

MR. ROBISON: Mr. Clement, just at that point I would like to interrupt for a moment to clear something up: on this fire fighting equipment -- there has been evidence for two days in a row -- is it not a fact (and I would like some guidance here) -- is it not a fact that in plants of this kind and in many industrial and commercial set-ups, the underwriters insist on special fire protection; in other words, it enters into the rate that is fixed on that plant, is that not true?

MR. CLEMENT: On the insurance premium rate?

MR. ROBISON: That is right.

MR. CLEMENT: I would think it would have a very important bearing on the insurance premium rate. If I might just get some information for you, sir --

MR. ROBISON: Yes.

MR. CLEMENT: Mr. Brown tells me that undoubtedly it has a substantial effect on the insurance rate, the provisions made for fire safety, yes.

MR. ROBISON: Wouldn't the insurance companies who give the rate insist on this sort of fire protection? I mean, it isn't altogether, from the point of view of the company, a charitable impulse to provide their own fire protection, but to get the coverage they

MR. ROBISON: (Cont.)

must do it, isn't that so?

MR. CLEMENT: I will try to get you a better answer for that, sir, perhaps over the noon adjournment. It is a rather complex subject, but I would think that an industry such as this would be bound to instal adequate fire fighting equipment so as to control fire at any time in any part of its plant whether or not it is insured because it cannot afford to have the processes of production shut down -- but I will try to get better information for you, sir.

MR. ROBISON: Thank you; I would appreciate that.

Q MR. DAVIES: Is there any particular fire hazard arising out of the nature of the chemicals used there? Are they particularly flammable?

A Yes, of course, starting right off, natural gas itself is quite inflammable. We also use hydrogen in our process which is highly flammable and special training is required of our fire fighting crews for that purpose.

THE CHAIRMAN: Mr. Clement, if this is a good time to break, we will have recess for ten minutes.

MR. CLEMENT: Thank you, sir, yes.

(At 10:50 a.m. this date, the Commission stood adjourned until 11 a.m. this same date, and reconvened).

MR. CLEMENT: Mr. Hames is now available for cross-examination, sir.

MR. BROWNLEE QUESTIONS THE WITNESS:

Q Mr. Hames, I take it from your remarks that when you studied the possibility of locating and finally decided on the Fort Saskatchewan area, you carried on discussion with other companies and did come to the conclusion that if industries grouped in this rural area there would be a tendency to contain the mill rate and possibly to lower it to your advantage?

A That's right.

Q And the question of taxation, I take it, is of prime importance in the location of industries?

A Well, it certainly has to be considered.

Q It is something that you must consider?

A Yes, it is a cost that we have to absorb. Again, we are still in a competitive market and we can't add on those extra costs to the product.

Q Is it your feeling that the greater number of industries that are grouped into such an area, the greater the possibility of the mill rate being lowered still further?

A Yes, I think that's right.

Q And I noticed particularly that you stated that you had discussions with both Canadian Industries Limited and Canadian Chemicals Limited, and is it a fair statement or a fair assumption that it was the general consensus of all companies participating in that discussion that the grouping of those industries would assist in lowering the mill rate?

A Yes.

Q Now, when you carried out your studies with regard to the taxation problem, I take it that your study must have included a study of the assessment legislation applicable within the Province of Alberta.

A Yes, we -- .

Q And I take it also that at that time the company would have been aware of the fact that machinery and equipment in manufacturing concerns is subject to assessment as the legislation stands -- or as it then stood?

A Yes, we realized that; we felt that the industries grouped together would be able to discuss this matter with the provincial authorities and municipal authorities to bring about a more equitable tax treatment much similar to the industrial provinces in the East.

Q Now, sir, you mentioned that there are approximately 188 children of your employees who attend school at Fort Saskatchewan?

A That's right.

Q And it is, of course, your understanding that that is within the Clover Bar School Division?

A Yes.

Q To which the Municipal District of Strathcona contributes?

A That's right.

MR. BROWNLEE: I think that's all for the moment, thanks.

MR. CAMERON STEER QUESTIONS THE WITNESS:

Q I take it that a suitable location for your plant requires a supply of gas, a supply of water, and

Q (Cont.)

some access to the railroad, is that correct?

A That's right.

Q And in addition to that you require a large area of ground for the plant?

A We certainly prefer to have a large area.

Q And there are other locations in the province that you examined with a view to deciding whether or not you would take them?

A Yes.

Q And those areas had the same characteristics with respect to gas, water and railroad as the area you are now in, is that correct?

A Not quite; the areas in the south of the Province are not quite as accessible to the C.N. railway on which our mine is located, and it also was the C.N.R. which built the extension into the Northern part of Manitoba, and we felt obliged, if we could, to locate on one of their railway systems; it would be certainly more convenient to locate at Fort Saskatchewan than elsewhere in the Province.

Q Did you look at any sites just to the north of the City of Edmonton? Any of those sites along the river?

A We did, we looked around Edmonton, east right as far as Fort Saskatchewan, and the very high land costs and the acreage that we wanted to have prohibited us from settling there, and so we went further.

THE CHAIRMAN: Mr. Hames -- I am sorry, when you turn away we don't hear you. Now, we have no objection

THE CHAIRMAN: (Cont.)

to you turning away, but would you speak up a little louder?

MR. STEER: I could move over here.

THE CHAIRMAN: Fine.

A The question, sir, was whether we had looked at the area north or east of Edmonton in the general vicinity; we did look over that ground, but because of the acreage we wanted and the price of the land immediately next to Edmonton, we felt obliged to go further away, and we were able to acquire 800 acres in the Fort Saskatchewan area and considerably cheaper than here.

Q And having moved out there, it was necessary for you to find some sort of accommodation for your employees in that area, is that correct?

A Well, that is another minor advantage of our location, that there is a town there, a town that was able to expand to accommodate our employees. They have water works services and electric power -- everything that a small town needs, and they had a council that were ambitious enough to expand the town to accommodate our men.

Q Putting aside for the moment the high land costs, which I take it, prevented your industry coming in here into Edmonton, it would have been more advantageous to locate near Edmonton and get greater houseing accommodation; would that be correct?

A No, I wouldn't think so.

Q Why would it not?

A Edmonton is having growing pains now and has for some while; Fort Saskatchewan is very accommodating, has very accommodatingly taken this thing over. We have just as fine a home out there as you see in any of the building districts in Edmonton. I think employees as a whole are quite satisfied.

Q How many employees will you have in your plant when you are completely developed?

A Actually no more than we have now. We are actually a little high at the moment because of our start-up of our plant; we have bigger maintenance forces and we still have some construction work going on. Where we have 411 men now, I think that in the next year it might be 325 or 350 -- somewhere in that order.

Q And that is the staff that you contemplate will run your plant?

A Unless we expand our operation.

Q Your housing is not complete as yet, I understand?

A No, they are still building.

Q And when will it be complete, do you think?

A The present program underway now comprising, oh, altogether 65 or 70 homes, should be finished by the end of this year.

Q Do you contemplate that that will house all the staff that you are going to have at your plant?

A No, I think there will be minor construction again next year; there are still 91 people that live in Edmonton, and I believe that next summer some of them will start to build in Fort Saskatchewan; it

A (Cont.)

will be a continual growth there.

Q A continual growth until all your staff is in Fort Saskatchewan?

A I think so.

Q I see. I am just wondering whether it is possible for other industries to do that, in the area of Fort Saskatchewan?

A Well, one other industry, as I mentioned earlier, has announced plans to build there, and I presume they will expect their employees to live in town.

Q Your industry, I think you said, has secured certain building concessions by virtue of being a defence industry?

A Right.

Q And that has assisted you materially in your plans to erect houses for your employees?

A That is right.

Q Would the plan be feasible for an industry that was not a defence industry?

A I believe there is new legislation this year that they have the ten percent down payment on certain classifications of home; however, unless the industry is classified as a defence industry I do not think they get the same type of home as our employees have.

Q Not as good a type?

A That's right.

Q A smaller type?

A That's right.

Q Now, there was in your brief a statement that -- and I am only paraphrasing because I didn't have your brief -- that now is the time for Alberta to create favorable conditions for new industry. Would that be a fair statement of what you said?

A Yes, I think in the last paragraph there that statement is made.

Q Have you any suggestions as to how this Province should go about creating favorable circumstances to get industry into the Province?

A No, at this moment I don't care to answer that. As Mr. Clement says, I have been very busy for the last year running the plant, and have not got into the mysteries of taxes, and I wouldn't care to commit myself to say how it should be done; I can realize it is a very sticky problem.

Q Well, the only reason I asked you is that it was in your brief and was read out, and I was wondering if Sherritt Gordon had any idea how that objective could be achieved.

A I think Mr. Hamilton will be called later and he may have something to say on this.

Q Now, your plant is about 800 acres at the present time?

A Yes.

Q And you contemplated using part of that and having part as a green belt; is that right?

A Yes.

Q And the green belt would screen your plant from the territory surrounding it, is that right?

A Yes, we have adequate land there that nobody is going to camp on our back door.

Q And what is the surrounding land used for?

A Right now, farming.

Q All farming?

A Yes.

Q No part of your plant borders on the town of Fort Saskatchewan, is that right?

A No part of our plant does, but our land does.

Q I beg your pardon?

A Our land touches right on the east border of the town.

Q How much of that 800 acres do you contemplate using as a green belt?

A Right at the moment the strip would probably -- I am guessing -- would comprise maybe 400 acres.

Q I see.

A It runs right from our south border to the river, bordering the town.

Q And that would separate your plant from what?

A Separates it from the town of Fort Saskatchewan.

Q From the town of Fort Saskatchewan?

A That's correct.

Q Are you going to have any sort of green belt separating your plant from the surrounding agricultural area?

A Well, we are located more or less on the south section of our property -- 300 feet from the south and probably 300 feet from the east and about 200 feet from the north.

Q And that strip, will that strip be maintained?

A That strip will be maintained with the exception of the land that we are leasing or selling to the Inland Chemical; they will be on the extreme east border of our property.

Q Generally speaking, then, your plant contemplates having a strip around its land actually used for the industry?

A Yes.

Q How wide will that strip be that separates your land from the town of Fort Saskatchewan?

A I am unable to say, sir -- it depends on our expansion, and we may have to get into that green belt a little bit, and it is now very adequate.

Q And that green belt, I take it, is an idea that your industry adopted of its own accord, is that correct?

A We were encouraged by the Edmonton District Planning Board to maintain a green belt there.

Q And you were quite prepared to do it?

A Yes.

Q I would gather.

A That's right.

Q And do you know anything about any other industries, whether they find acceptable this idea that there be a screen between their plant and the surrounding land area?

A I can't answer that.

Q Have you discussed it with any others?

A No, I haven't.

MR. STEER: I think that's all I have.

MR. BRYAN QUESTIONS THE WITNESS:

Q Mr. Hames, I gather that one of the things in the back of the mind of the company, from the statements you have given, is that there was a low tax rate in that area, and that as industry concentrated in that area, the tax rate might decline?

A Yes, that's right, Mr. Bryan.

Q And it was hoped that by reason of that the company would have an advantage -- I don't mean an unfair advantage, I mean it's quite a natural thing to do -- that it would benefit the company by this declining tax rate?

A That's right.

Q Now, as industry concentrated in that area the Municipal District of Strathcona would have a wider and wider tax base, -- they would have larger buildings to assess and more industry; that would be correct, wouldn't it?

A That's right.

Q And as that happened, naturally -- unless their need for money increased greatly -- you would have happen exactly what you expected, a continual fall in that tax mill rate in that area?

A Yes.

Q Now, what would be the effect on some of the other areas, Mr. Hames? Would that not mean that new industries would be very hesitant to settle in some other municipality by reason of the fact that there

Q (Cont.)

was not that concentration and not that tax base, and the result is that there would have to be a higher mill rate?

A I believe you are quite right, sir, and that's what would happen if the metropolitan area developed -- Strathcona would be right back where they started, having to attract industry in, and because our industry and the other industries in this area do supply all those services, it is only natural that the more that are there to assume the tax load of education which we certainly are going to accept -- we accept our obligation to pay school taxes -- but with the concentration of industry in Strathcona which started in 1951 and which we knew would still continue, it was certainly inevitable that the tax rate would come down.

Q And which would be a very definite advantage to the industries there?

A That's right.

Q And by the same token it would be a very definite disadvantage to the other municipalities in trying to compete for their location?

A I believe that's right.

Q The result would be not only a tendency for a build up, as I say, the fact that industry would tend to go to Strathcona and would also tend to stay away from the other ones -- would tend to create a greater and greater inequality as between various muncipal units as regards tax rates?

A Not necessarily; there's other reasons for other locations.

Q Oh, yes, I agree with you on that. There might be some particular reason. Now, I quite see the position in so far as the Sherritt Gordon Company is concerned, but what would be your opinion of the position as far as the Province is concerned where we get one municipality with a tremendous tax base, a resulting low mill rate, and other municipalities with a very small tax base and a very high mill rate? In your opinion, would that be a good thing for the Province?

A I don't know, sir.

Q The reason, perhaps, I brought that up, Mr. Hames, is that yesterday the Celanese had Mr. Goldenberg there, and in his words he said:

> "It is equally obvious that great inequalities among municipalites is inimical to the maintenance of any uniform or minimum provincial standards."

Now, that would likely be correct, wouldn't it? Because as he points out, where a municipality has a tremendously large tax base it can supply better education, better facilities to its people, than a municipality who has no such base; so that in all probability his quotation there would be correct, that the result would be a great inequality as between different municipalities.

Now, what taxes does your company pay to the town of Fort Saskatchewan?

A I don't think we pay any at all.

Q You don't pay anything to the town?

A Although our employees living there pay their normal taxes.

Q They would pay taxes on their residences within the town?

A That's right.

Q But the company as such does not pay any taxes?

A No, not to the town.

Q Their taxes are payable to the Municipal District of Strathcona?

A That's right.

MR. CLEMENT: You are overlooking the school taxes.

MR. BRYAN: Yes, I am coming to that. Now, I think from the figures you gave me that a great many of your employees live within the town of Fort Saskatchewan?

A Yes, the greater majority do.

Q And their children are educated in the town schools?

A That's right.

Q Which are in the school district to which your taxes go?

A That's right.

Q So you do contribute to the extent of school taxes on that?

A That's right.

Q But any other portion of the tax on your property is paid or goes into the coffers of Strathcona and not the town of Fort Saskatchewan?

A That's right.

Q Now, you have been asked a number of questions about the thoughts in the back of the minds of the heads of the company when they settled on Fort Saskatchewan, and among those thoughts was this tax picture and this decline. Now, I presume any industry in deciding on a place to locate would realize the fact that that tax picture might change very radically, that there might be changes in boundaries, there might be various changes on the political scene or municipal set-ups; they would appreciate that that might happen, wouldn't they?

A No, I don't think at the time we did, Mr. Bryan, because of the other industries in Strathcona, it appeared to us that it was secure planning, that industry would naturally develop here rather than the metropolitan area of Edmonton; and I don't think we at the time considered this possibility, because it would leave us in the position of being the big taxpayer in the municipality and I don't think we would have taken a good view of that.

Q I realize that it might not have been looked at exactly that way, but you figured you wanted to be on the C.N.R., and you wanted to have the gas, and the availability of water, and when you found those things, those are things that would remain constant over ten, twenty or fifty years -- you would still have the water supply and still be on the C.N.R. and you would still have all those other factors; but you would realize that the other factor, taxation, might vary very considerably with conditions and

Q (Cont.)

changes in set-up?

A We presumed it would vary downward.

Q But you would also consider that it might vary upward?

A I am afraid we didn't, sir.

MR. BRYAN: That's all.

MR. GARSIDE QUESTIONS THE WITNESS:

Q Could you tell me the assessment on your land and buildings?

MR. CLEMENT: As we have explained to the Commission, we only had a token assessment because the plant was n completed and is now only partially in operation, and we are not able to give the Commission any useful figure as to assessment at all; I am sorry.

MR. ROBISON: I am very interested in this term "token assessment" -- I don't know what that means.

MR. CLEMENT: Perhaps it is not a very apt use, Mr. Robison, but a good portion of the plant was not in operation at all prior to July 1st, 1954, and that was not taken into account. As to what was in operation, it was only a partial operation. There was some personal property assessed which will not be assessed next year because it has been drawn off, contractors' equipment and so forth, and it is not anything which can be usefully discussed here at all, and the tax yield of course, was I suppose insignificant compared with what it will be when we are on a full assessment.

MR. ROBISON: Well, it is presumed to be a regular assessment?

MR. CLEMENT: Oh, yes, quite, quite; but nothing of value which could be discussed here.

Q MR. GARSIDE: Is there any reason why it should not be disclosed? I understand it was approximately $500,000.00?

MR. CLEMENT: That's right, approximately $500,000.00.

Q MR. GARSIDE: What was the cost of construction of your plant?

A $24,000,000.00.

Q Was that greater than your original estimate or not?

A Yes, it was slightly higher.

Q What was the cause of that?

A Partly change of design and under-estimation, higher costs, winter construction and poor deliveries -- they all add up and contribute to a higher construction cost.

Q I notice in your brief you speak of anticipated fair and equitable tax treatment. What is the significance of that particular phrase?

A Well, I will put it this way: in discussing it, as I say, with the municipal officers in 1951, we were informed of the mill rate then and they projected what it might be, and we accepted that, and I am very pleased to see it has come to that. As far as the assessment is concerned, I suppose we will take a stand very much the same as Canadian Chemical did; they received their bill and they don't like it and

A (Cont.)

they are appealing it, and I presume we will do the same if we think it is too high.

Q Well, you knew of the tax situation in Alberta at the time you made your economic survey?

A That's right.

Q Is there any suggestion in your statement there that this company, that if its premises were brought within the metropolitan area they would not be taxed on a fair and equitable basis?

A My only comment there, sir, is what I said a moment ago, that Alberta is just becoming industrialized, and they are going to benefit from the experiences of other provinces who have a different assessment basis; and I feel that when the cards are down and we get together, something equitable will be arrived at which we are all agreed to pay.

Q Have you any plants in any other part of Canada?

A We have our own mine in Northern Manitoba which five years ago was just wilderness. It is not comparable to anything here.

Q Would you agree with me when I make the statement that the concentration of industry will of itself tend to produce urban conditions?

A Yes, I know of some sections in Eastern Canada and the States where that certainly is the case. If anyone can visualize now the expansion of the Municipal District of Strathcona to the concentration that we do have in some of the industrial centres in the East, it is going to be quite some while before

A (Cont.)

you have that condition.

Q But it could come, and suppose Strathcona were to keep as an individual unit and was compelled to provide considerably more homes in -- or, shall I say, urban communities within Strathcona, wouldn't that reflect itself in your taxes?

A I didn't quite follow your question, sir; would you mind repeating it?

Q If Strathcona remains a unit, a municipal unit, and this concentration of industry does attract urban communities, and it is necessary for Strathcona to create these urban communities, these urban units within its own boundary, will that not reflect itself in taxation on your plant?

A Yes, I expect it will; but will it be any more severe than, for instance, Fort Saskatchewan now? We don't pay a tax there now; we pay a municipal tax to the municipality, a portion of which again they turn back to the Clover Bar School District. I don't see that it would affect us greatly.

Q I didn't quite understand the statement you made with regard to housing in Fort Saskatchewan. Did the company itself pay something toward the cost of those houses?

A No, it did not.

Q But by reason of it being a defence industry, you were able to get favorable treatment for your employees?

A That is right.

Q How did you do that? Through the municipality?

A No, just through National Housing.

Q Now, you mentioned being self-sufficient with relation to fire and police. What is your staff in the fire department of your plant?

A How many people do we have on it?

Q Yes?

A You see, our plant operates on a 24 hour basis, and we have four shifts and the men are working an average of 42 hours a week so we have to have four complete shifts, and we have four complete fire departments, one for each shift, comprising about five or six men on a crew. Also included in that is an electrician who happens to be on shift, or a mechanic -- it may build up as high as nine or ten men per shift.

Q Do you think that staff would be sufficient to combat a severe fire?

A Certainly a really severe fire would call out the men in the town and we could build up an entirely adequate trained crew to handle any fire in the plant.

Q What about your staff police or security guards?

A They are merely security guards at the gate. We have our property completely fenced, and I am afraid that's all we have. We do guard our gate and have very close control on the visitors who come to the plant.

Q But if you had any trouble in the plant they would be totally unable to meet it?

A What trouble do you speak of, sir?

Q Oh, take strikes. What would happen in the case of a strike? Would your security guards cover that?

A No, they couldn't.

Q You would have to call in police from some other place?

A Yes, I think any other industry in Canada would do the same.

MR. CLEMENT: Well, perhaps we should discuss the conditions of the strike.

MR. GARSIDE: Well, they talk about being self-supporting and self-servicing.

A I don't think anyone, sir, is capable of handling a situation like that.

MR. GARSIDE: I agree with you.

MR. MOFFAT QUESTIONS THE WITNESS:

Q Mr. Hames, your brief spends a good deal of time talking about wanting a, shall we say, a "break" on assessments, and it also talked a good deal about wanting to be in with other industries so as to get the mill rate down. Now, are you wanting both or either one? Which is the objective here?

A Both. (Laughter).

Q I think it's very important to get in mind -- what you are really after is the total taxes; would that be a fair statement?

A Yes.

Q You aren't particular which way it is achieved?

A No, I think it's the total tax we pay per year is the thing that matters.

Q The other point I think we should maybe clear up: are you talking about the plant as such, or the industry, including all the ancillary services, and housing, grocery stores, looking after your employees -- the whole industry as a unit?

A No, just the plant itself; we have nothing to do with the town or the housing or services --

Q So your argument, then, is that the plant should get a "break" on taxes?

A I don't like the word "break". I think that we will assume our obligations as any industry. We will pay our normal tax. We don't know -- we have never been assessed yet -- we are unable to say whether it's fair and square until we do get assessed next year; we won't really know.

Q But you are not arguing that your employees should pay less taxes than other people in the same area with the same kind of housing?

A Definitely not.

Q And if they are in fact paying quite a bit less than others inthe same size towns in the surrounding area, you would be inclined to think something should be done about it?

A I do not know how they compare with anyone living, say, in Edmonton; I do not hear any particular complaints about their taxes.

Q And I take it your argument does not go to the extent of suggesting that the farming community surrounding you should get any benefit from the type of argument you are putting up. In other words, youare inclined

Q (Cont.)

to think that their tax burden might be about in line with the surrounding area?

MR. CLEMENT: I would like to understand that question myself. What is it, Mr. Moffat?

Q MR. MOFFAT: Whether his brief carries any implication that there is need for a reduction in taxes on the surrounding area, or whether it is confined only to the plant itself.

MR. CLEMENT: You mean the farm land?

MR. MOFFAT: Yes.

MR. CLEMENT: Well, if you examine the Assessment Act, the answer is obvious: there is very little tax on farms.

MR. MOFFAT: No, no, I mean the surrounding farm land, not what they own.

MR. CLEMENT: I am talking about that, too.

MR. MOFFAT: Now, his brief has a good deal of argument about getting the mill rate down. Now, if he gets it down for his plant, he also gets it down for the neighbors all around him, and that's the point I want to get at. Is there any implication in your brief in support of that kind of thing?

A Well, I appreciate that if the mill rate is reduced in the municipality for our benefit, certainly it would benefit everybody else in that municipality.

Q Yes, but the type of argument that you are presenting is not intended to support or be opposition to that kind of thing at all?

A No.

Q Are you aware of what the mill rates are in the surrounding area?

A No, I do not know.

MR. MOFFAT: Well, Mr. Chairman, in line with the discussion a little earlier this might be a good place to file another one of these exhibits, which deals with that particular point.

THE CHAIRMAN: What is the point?

MR. MOFFAT: Comparison of the mill rates in other municipalities surrounding this area.

THE CHAIRMAN: Very well.

MR. CLEMENT: I doubt if this witness could identify such an exhibit, sir. He doesn't know. I don't know why it should be put in at this stage in the cross-examination of this witness; he is not able to identify it or give any evidence on it.

MR. BLACKSTOCK: It isn't put in as any part of your case, Mr. Clement, and your witness will not be asked to agree or disagree; I think what Mr. Moffat has in mind is that we have already put in a statistical report as an exhibit following upon some part of your case, and now Mr. Moffat thinks that this is a suitable place to have this comparison filed, more for continuity of the record than for any other purpose. Is that correct?

MR. MOFFAT: That's correct, yes, sir. It is entitled "Comparison of Municipal Districts in Adjacent Areas", and it was in that same group of exhibits that were filed last week.

MR. ROBISON: Mr. Hames is not presumed to be an authority on it.

MR. MOFFAT: No, if we could have a number for it now so we could refer to it -- .

THE CHAIRMAN: 82E.

DOCUMENT ENTITLED "COMPARISON OF MUNICIPAL DISTRICTS IN ADJACENT AREAS", AS PRODUCED, IS MARKED EXHIBIT 82E AND PUT IN.

MR. MOFFAT: Now, it shows the mill rate for 1952 and 1953 in the final part of it -- there is some other material in there, but the mill rates for 1952 and 1953 in the surrounding municipalities are shown in that exhibit.

Now, Mr. Hames has said he is not an authority on taxes and mill rates, but he included a table in his brief. Now, I am not sure whether he is the person to deal with this table or not. What is the situation in that respect?

MR. CLEMENT: Mr. Moffat, Mr. Hamilton, as I said, is going to deal with the rest of the brief.

MR. MOFFAT: Yes, fine. Mr. Hames, is your suggestion that there should be some special treatment for your plant different from other plants, or are you proposing something general?

A No, I am not proposing anything special for our plant. I just want to be sure that the Commission realizes that Sherritt Gordon is willing to assume their obligation, as any industry is, of paying their fair level of taxes.

Q And it isn't the proposal that some special treatment should be given to the particular plants located in Strathcona Municipality either?

A No, definitely not.

Q In other words, it's a plan which should apply province-wide?

A Yes.

Q Have you made any approach to the provincial government officials with regard to this kind of proposal?

A Not to my knowledge; perhaps some of our officials have, but I haven't.

Q If this kind of thing could be taken care of to your satisfaction, would you then have anything to say with regard to the matter of where the municipal boundary should be drawn in the area?

A I doubt very much if we would have.

Q I don't know whether you were here yesterday -- ?

A Yes, I was.

Q In other words, your position is pretty well consistent with what was stated by Mr. Goldenberg in that regard; is that right?

A That is right.

Q To carry that a little further, you are affirming the position that you are prepared to pay a reasonable amount towards the services that are provided by the community, provided the "reasonable" is taken care of in terms of total tax burden on your industry?

A That's right.

Q Would you care to offer an opinion as to whether your company would be inclined to -- wish to pay those taxes to the same municipality that provides the services?

A I don't care to make a direct reply to that question. The thing that struck me yesterday in the evidence presented by Canadian Chemical: they said they had received a bill for $440,000.00. Their plant was constructed at an estimated $75,000,000.00 and ours is $25,000,000.00 and if we can assume for one moment that ours is going to be a third of that four hundred and forty thousand, we are going to cry very loudly and we will appeal the same as they have.

Q Yes, and assuming that that particular point is dealt with, would you think it reasonable that the tax you do pay should go to the municipality and school district that is providing the services to your employees and to the ancillary industries that are working along with you?

A I think that's right.

Q In your own particular case, that will happen, I recognize that, but it is the general principle I was thinking of.

MR. DAVIES: Will it happen, Mr. Moffat, if the people are located in the town of Fort Saskatchewan?

MR. MOFFAT: Well, the school which is the big one, they are all in the Clover Bar School Division, and with them that is the big issue, the school. Now, so far as the roads are concerned --

MR. DAVIES: The school costs are about half of the municipal costs. The mill rate is about fifty-fifty as between municipal and school on the 25 mill rate, I understand.

MR. MOFFAT: Yes, but in addition to that, the road problem, which goes with their plant, is primarily a problem of the rural municipality rather than the town; so that the two items, which are the big ones, schools and roads, they will be paying to the municipality that provides them. Now, the other items -- it's not so true, but of the two main ones I think it is true that they are covered. Well, now, I had a good deal of questioning in connection with that table, but I understand that is for Mr. Hamilton?

MR. CLEMENT: Oh, well, if you wouldn't mind leaving it until Mr. Hamilton gets in the box.

MR. MOFFAT: Yes.

MR. ROBISON: I want to ask some questions but I don't know whether to get into it before lunch or not. If no one else has any questions to ask Mr. Hames maybe I better start.

THE CHAIRMAN: Will it take some time?

MR. ROBISON: It may not; we might be able to get it out of the way.

MR. ROBISON QUESTIONS THE WITNESS:

Q What was the cost per acre of your land, Mr. Hames?

A $150.00 to $175.00 an acre.

Q $150.00 to $175.00 -- now, of the acreage that you have there which is 800, you have said -- ?

A Yes.

Q What proportion of the 800 is used for the plant itself and your storage yards or anything of that nature?

A The actual area that we are using I would figure on 125 to 150 acres, allowing for roads and pumphouse down at the river, plant area itself and the disposal area.

Q Now, you may not know the answer to this -- if you don't, just say so -- I asked the same question yesterday, and I ask you: are you aware of the use of the term "use factor" in assessment and appraisal work?

A No, I am not.

Q The differentiation between the acreage you are actually using and the acreage that is just lying quiet, as it were?

A I am not familiar with it, sir.

Q All right. You sat through this examination of Canadian Chemicals yesterday?

A Yes.

Q And you heard reference to the Assessment Act in Ontario?

A I did.

Q Do you agree with the conclusions that they reached with respect to the assessment of plant and buildings, and the assessment allowed on equipment used as a manufactory?

A Yes, that it should not be assessed.

Q You would say, then, that the assessment practices in this province should be revised?

A Yes.

Q Now, the company, you say, provides certain services for itself: police, power, roads and fire fighting; now, I ask you this: is there any precedent in urban areas -- or let me put it this way: is there not precedent in many urban areas, let alone areas which are isolated, as in your case, is there not precedent for the use of, say, security guards, in urban areas? Don't all kinds of plants use security guards?

A I think, sir, since the war generally all plants do. Prior to 1940 you did not have any security measures.

Q Therefore it is no necessary reflection on the services which may or may not be supplied by the municipality?

A No.

Q Now, the same with roads: plants occupying themselves in urban areas often provide roads for themselves, don't they?

A Yes, that is generally right.

Q Now, to get back to this matter of fire fighting that you were talking to Mr. Clement about -- would you prefer to leave any examination of this to after lunch?

MR. CLEMENT: Well, it's just entirely what you wish, sir. Mr. Hamilton, I imagine, will probably take all of the afternoon, and if we could finish with Mr. Hames before lunch, perhaps it might be just as well.

Q MR. ROBISON: When you gave evidence with respect to the fire fighting equipment out there, is that a

Q (Cont.)

unique situation, or do companies generally across the country, whether in urban areas or isolated areas, do they not provide themselves with -- manufacturing companies I refer to -- with fire fighting equipment and services of various kinds?

A I imagine not quite as extensively as we do, sir, in our location.

Q But they do provide themselves with services of various kinds?

A Definitely.

Q Then I return to the question which I think I asked Mr. Clement before -- this matter of fire fighting equipment -- does that -- again, that is no necessary reflection on the services which may or may not be supplied by the municipality?

A No, I would hardly expect the municipality to supply that service. If we were in or around town, close to the city, we might expect something from the City who have an organized fire fighting department; but located where we are we certainly have to provide that for ourselves.

Q And then I would like to ask you this question: isn't the supplying of that fire fighting equipment part of your fire insurance picture, to get a certain rate?

A It would certainly have a bearing on it.

Q And a very important bearing?

A Right.

MR. BLACKSTOCK QUESTIONS THE WITNESS:

Q Mr. Hames, you mentioned the disability that your company was under by reason of the freight rates from the mine to Fort Saskatchewan, and then from Fort Saskatchewan to the East. Now, one must assume that you have advantages over your competitor which will offset that freight rate disability?

A Definitely, sir; I mentioned that that is a disadvantage -- which is certainly overcome by other advantages we have in locating in Alberta.

Q And those are the cheap gas and ammonia, and one assumes -- perhaps erroneously -- that your specialized method of refining plays an important part. Would that be right?

A That's right.

Q Because one must assume that you didn't come to Alberta knowing all of those disabilities without still hoping to make a little money?

A That's right. There's one or two disadvantages, but fortunately the advantages take care of them.

THE CHAIRMAN: Then, the Commission will adjourn until two.

MR. CLEMENT: Will you require Mr. Hames back?

THE CHAIRMAN: Yes, Mr. Clement; Mr. Davies wished to ask some questions.

MR. CLEMENT: So I gathered, sir, yes.

(At 12:00 noon, this date the Commission stood adjourned until 2:00 p.m. this same date and reconvened).

PROCEEDINGS AT TWO P.M., Tuesday, November 23rd, A.D. 1954.

CHARLES AUSTIN HAMES, was recalled to the Stand on his former oath, and testified as follows:

MR. BROWNLEE: Mr. Chairman, at the proper time I would like to ask Mr. Hames one or two more questions.

THE CHAIRMAN: Yes, right now I think you might go right ahead.

MR. BROWNLEE EXAMINES THE WITNESS:

Q Mr. Hames, disregarding for the moment the question of taxation, is it not probably a fair statement that there are other good reasons why industry such as we find in Strathcona is better off in a rural area away from a high density of population?

A That is certainly so. In our case we have a new and definite process, there are certain precautions that we have to observe. We feel much safer and freer located where we are than we would be within the city limits where housing could develop around us. There is certain parts of our operations that we certainly think are better off isolated from any city or any heavy populated area.

Q And from what you know of the nature of the other industries located in Strathcona, do you think that that proposition would apply to them equally well?

A Very much so.

Q And, I take it that this element of possible danger arising out of the operations of a large industry might be particularly applicable to an industry in which chemicals are extensively used?

A Yes, I think that is well borne out in other chemical industries.

Q Arising of that, it just occurs to me, this matter of fire protection: does an industry such as yours or such as we have located in Strathcona require a specialized type of training or work in the matter of prevention or extermination of fires, or is that a matter that could equally well be handled by an ordinary fire department?

A I think likely what we are liable to encounter at our plant is something different than you would normally have within the city.

Q Is it possible that you would have to have certain key personnel, I am thinking now of an electrician who might have a great deal to do in the direction of fire prevention work?

A We include on our fire fighting department all the senior tradesmen of our plant for that purpose.

Q And, I omitted to ask you in connection with the advantage of being in a rural area, and you may have covered the point this morning. Is there any question about an industrial plant such as yours causing a nuisance in the area?

A Yes, I am afraid I will have to admit that our pilot plant in Ottawa which, wherein we develop this tar process, was located within four blocks of the Parliament Buildings right in central Ottawa, and at times we were considered quite a nuisance. We had hoped when we constructed out here that we would overcome much of the

A (Cont.) difficulties we had, but we do have a bit of trouble now, and I think the people of Edmonton are very happy that we are not too near at the moment.

Q Then, I might just ask you generally, knowing the situation we have now, with the group of industries in a rural municipality, would you say that from the standpoint of the good of industry and the public the situation might better remain as it is?

A I think it would be much better to remain as it is.

Q Now, sir, you will recall my friend Mr. Bryan this morning expressing concern over the unfortunate position of other municipal districts who by reason of the low assessment in Strathcona are unable or are under a disability in inducing industry to come to their municipalities. I would ask you first, sir, if in your opinion the advantage to the province generally arising from these industrial operations doesn't outweigh any disadvantage such as is expressed on behalf of other municipalities?

A I think the advantages to the province do outweigh the disadvantages to the municipalities as a whole.

Q And, I would ask you next, sir, don't you think that the grouping of industries rather than the dispersal of industries is inevitable?

A I think it is entirely normal that related industries will group together such as they have done here, and I think it was brought out yesterday that the oil refineries started in here, they were

A (Cont.) four or five miles from the city limits, and the other industries developed; C.I.L. and Canadian Chemical, related industries which are using products from the refineries. We are different, we moved away, but now we have the same thing starting in our location, we have one related industry coming in. There may be others.

Q And finally, sir, can you tell me whether there is a similar tendency in Eastern Canada for industries to group in this manner?

A I believe so.

MR. BROWNLEE: Thank you.

MR. BLACKSTOCK QUESTIONS THE WITNESS:

Q Can't all those difficulties you speak of such as areas building up around your plant, can all of that not be avoided by careful efficient planning?

A I'm sorry, sir, I didn't quite get the first of your question?

Q The difficulties you were speaking of, namely urbanization going on around your plant, can't that be avoided in large measures by careful intelligent planning?

A I think it can, sir. I believe in our case where we felt we should acquire plenty of land where we could get in the centre of it, will take care of that. We were unable to do that here within the near vicinity of Edmonton.

Q How far away is the limit of your property from the Town of Fort Saskatchewan?

A It is actually right on the edge of town.

MR. BLACKSTOCK: Thank you.

MR. ROBISON QUESTIONS THE WITNESS:

Q Granting all that has been said about the necessity of a plant such as yours being in a somewhat isolated area, granting all that, is there any objection on principle to the change in boundaries such as suggested by the City of Edmonton here, as far as you are concerned?

A Only that we feel that these other taxpayers in the municipality will not be contributing to the municipality, that we are left as the one main industry to do so.

Q My question is not directed towards the implications of taxation, but the change in boundaries, the point that was raised regarding the necessity of isolation.

A In our case it wouldn't make much difference.

Q It wouldn't make any difference. All right.

MR. DAVIES EXAMINES THE WITNESS:

Q Mr. Hames, have you available any information that would indicate whether or not the capital facilities of the school in the Town of Fort Saskatchewan as now erected are adequate to take care of a further expansion of the pupil population there that might result from these other employees coming out from Edmonton to Fort Saskatchewan?

A On that table, I think, that was entered this morning as an exhibit, it indicates there, I believe there are 275 school children. That is, when those school

A (Cont.) age children come along, and I am sure that the town doesn't have the facilities yet to accommodate these people. There is 278 pre-age school children of our employees.

Q As far as you know the present school facilities are taxed, are they?

A Very definitely.

Q So the definitely will need to be apparently fairly substantial expansion of school accommodation in the Town of Fort Saskatchewan within the next couple of years?

A I would say definitely, and also in consideration of the other industry that is coming in. They again will have more children to take care of.

MR. DAVIES: Mr. Clement, I don't know whether this question should be directed to Mr. Hames or to Mr. Hamilton. Do you propose to file any information with the Commission dealing with the taxing, for example, bases of taxation on the Consolidated Mining and Smelting Plant facilities in British Columbia?

MR. CLEMENT: No, sir, we will give you what we have in respect of our competitor in Port Colborne, but we have nothing on Trail.

MR. DAVIES: Will Mr. Hamilton be giving us that?

MR. CLEMENT: Yes.

<u>MR. HAYES QUESTIONS THE WITNESS:</u>

Q Am I right in assuming that there were different municipalities in this province that would have liked you to have located your plant in their

Q (Cont.) municipality?

A Yes, there were. We looked at ground south of Calgary about, I believe, twelve miles south of Calgary and also in the vicinity of Red Deer, and for reasons, we decided on this present location as being more suitable.

Q The municipalities themselves would approach you?

A I don't believe to my knowledge we contacted the municipalities. No, we did not. I believe we went further along in our program until we decided that Fort Saskatchewan was it, and then we talked to the municipality.

Q In other words, you kept it kind of quiet where you were going to locate?

A Definitely.

Q I assume that another feature is, in your close proximity to Fort Saskatchewan, do you anticipate that they would desire to annex the property which you occupy there, similar to what Edmonton occupies some of the industrial plants.

A I anticipated this question and I don't have the answer for it. They have given no indication that they will.

MR. DAVIES QUESTIONS THE WITNESS:

Q I meant to ask you, Mr. Hames, do you extract water from the Saskatchewan River and purify it for drinking purposes at your plant?

A Yes, we actually make what we call four types of water; process water for addition to our process;

A (Cont.) cooling water for cooling the process; also boiler feed water, and domestic water to drink.

Q You would be pretty well definitely eliminated from the thought of selecting a site just below the Canadian Chemical Plant, wouldn't you?

A I don't know, we probably -- anything that is going in the river ahead of us, we have been able to accommodate it, we have had not too much difficulty.

Q You haven't been in the long list of complainants down the river as far as Prince Albert and so on then?

A When that complaint was lodged last spring we weren't operating at the time, sir, and we were fortunately not blamed.

THE CHAIRMAN: Are there any other questions of Mr. Hames? Thank you very much, sir.

MR. CLEMENT: Just before Mr. Hames leaves, sir, I thought perhaps I should emphasize this arising particularly out of some of Mr. Robison questions, that we are not complaining of the lack of municipal services, we are happy that we are not having duplications of service which we have to pay for twice. I would like it to be clear we are not complaining about, we went there because we wouldn't have to pay for services we wouldn't require, I think that's right?

A That's right.

MR. ROBISON QUESTIONS THE WITNESS:

Q It may be that this is the right place to ask the following question. I was going to ask it later.

Q (Cont.) The witness has stated that the company expects to pay its fair share of taxation, and I would like to know on what that is based, that statement? What is their fair share of taxation; what are the indices leading to that fair share? We have heard this for two or three days, "This fair share of taxation", what is a fair share of taxation for this business? How do you approach it, what are your analyses leading to that statement? We have got to have more than a statement that they expect to pay their fair share of taxation.

MR. CLEMENT: I was wondering, sir, perhaps Mr. Hamilton might be somewhat better positioned to discuss that. It comes in the portion of the brief which he will be reading to the Commission, and undoubtedly it is a subject in which there can be various views. We have had the view before the Commission now that the competitive factor is an important one to be taken into account; what industry pays in other industrialized areas, being over a considerable period of time, considered to be their fair contribution to that area.

MR. ROBISON: Fair to themselves.

MR. CLEMENT: Apparently fair to the community in which they are in because that has been accepted by the tax authorities and the legislatures as being something that didn't require further change.

MR. ROBISON: I would be happy if Mr. Hamilton would give some answers to that.

MR. CLEMENT: So far as he is able to.

THE CHAIRMAN: Thank you, Mr. Hames.

(The witness retires.)

ROBERT WINSLOW HAMILTON, having first been duly sworn, was examined by Mr. Clement and testified as follows:

Q Mr. Hamilton, you practise the profession of a chartered accountant in Edmonton?

A That's right.

Q And have for a number of years?

A Yes.

Q You have been consulted by Sherritt Gordon Mines Limited to assist in the preparation of the brief which is being submitted today?

A That's right.

Q I wonder, Mr. Hamilton, if you would carry on with the presentation of the brief now? The first section, sir, had it all been presented in chronological order, this would have been heard by you first. The first section is an indication of why Sherritt Gordon is here at all, the effect any change in taxing jurisdiction would have on Sherritt Gordon.

A Section A, Mr. Chairman and Gentlemen, is entitled "The Proposed Annexation of the Industrial Area of the Municipal District of Strathcona will directly affect Sherritt Gordon Mines, Limited".

" Sherritt Gordon Mines, Limited (hereafter called "Sherritt Gordon") has examined the 1954 assessment of the Municipal District of Strathcona (hereafter called "Strathcona") and

A (Cont.)

"its budget requirements, which were provided by a rate of 25 mills. A comparison of the position as it would have been had the proposed amalgamation been in effect in 1954 indicates that the mill rate on the remainder of the Municipality would have been tremendously increased. This is demonstrated by the table appearing on the next page:"

I should like to explain, Mr. Chairman, that this tabulation is more indicative than valid in an absolute sense. It is dealing with an entirely hypothetical situation and assumes that the amalgamation had been in force on somewhat the basis that has been discussed here as from the beginning of 1954, but without taking into account certain adjustments and refinements and perhaps substantial changes in municipal policy that might have been attendant upon the introduction of that change, and consequently I wish to emphasize that the table is merely indicative of the effect rather than an expression of the extent of the effect on the various municipalities or portions thereof concerned. It might perhaps be well if I dwelt on this table a moment or two, and I should explain that my source of material was obtained from the office of the municipality, and my tabulation was referred to the officers of the municipality for their direction to me if I have made any gross error, and a good deal of the source of material,

A (Cont.) I understand, will be presented directly by the municipality, and they accept responsibility, I take it, for the material on which my tabulation is based.

The table is headed "Comparative Assessment and Tax Yields - 1954 Basis. As at present as against as Result of Amalgamation to show the shift in Tax Burden."

The column on the extreme left shows the approximate present assessment for Jasper Place, Beverly, the City of Edmonton and for Strathcona as to the industrialized area, and Strathcona as to the remaining area, and shows the total present assessment of around two hundred and forty nine million dollars. The assessment for Strathcona for purposes of demonstration has been broken down, as I mentioned, between the so called fringe area and the remainder. The aggregate assessment of Strathcona as shown by its budget for 1954 was $41,000,000.00, and we were informed that the approximate assessment applicable to the industry in the fringe area, not including Sherritt Gordon, is on the order of thirty two millions. Actually, I believe the figure is somewhat higher than that, and there is additionally some incidental assessment with respect to small holdings and the like which would be, I believe, on the order of a quarter of a million, so that the fringe area, industrial, and other would be on the order of thirty two and a half million. The remainder of Strathcona, the farm lands and the assessment applicable to

A (Cont.) Sherritt Gordon in its assessable form for 1954 is, therefore, nine million, arrived at by subtracting the thirty two million from the budget assessment of forty one million.

In the second column of the table we merely set out the opinion of the assessor's office of the municipality; what would likely be the adjustment assessment for the various municipalities as they would be affected on an inclusion into the enlarged area.

You notice that Jasper Place is shown at an adjusted assessment of four million nine hundred thousand odd as compared with the present assessment of seven million odd, a reduction of approximately two million.

There is likewise a slight -- well, a substantial in proportion adjustment with respect to Beverly downward and, of course, the assessment for Edmonton proper is carried forward unchanged.

The opinion of the assessor's office in Strathcona is that the assessment of the industrial area on the fringe would be revised downward on inclusion in the city assessment, from thirty two million to approximately twenty million or less, which would be a reduction of twelve million for the various reasons that have been discussed.

With respect to the remainder of Strathcona, it is assumed that the assessment would remain constant. You will bear in mind, of course, that that is the assessment for 1954, and it does not

A (Cont.) reflect the full effect of the Sherritt Gordon assessment when the plant is deemed to be completed and subject to full proportional assessment.

On the right hand side of the page we show a computation of the resulting tax levy on the actual or present 1954 basis with the mill rates and the approximate yields as compared with the revision of those yields and mill rates had amalgamation been in force in 1954, but subject to the qualifications I made when I first introduced this tabulation.

For this arithmetic purpose I am assuming that on the re-assessment and the change in boundaries, the total levied of twelve million as now produced, would be produced on the adjusted basis. That, of course, results in a shifting of burden or load from one area to another, and it is that shifting which is of particular concern to Sherritt Gordon.

You will notice in the column headed "Levy Present yield" a subtotal of $11,045,000.00 with the notation "A" beside it, that, I believe, is the approximate total tax yield for Jasper Place, Beverly and the City of Edmonton as now constituted.

In the column headed "Levy Adjusted yield", there is a subtotal somewhat lower down, after the inclusion of the Scona fringe, of eleven million three hundred and forty five thousand, with the similar designation "A" beside it. Those two

A (Cont.) figures are relative; the second being greater than the first by an amount of $300,000.00, which we are informed by officials of the municipality would be the approximate amount of additional levy that would have been required in order to service the fringe area.

You will notice that the total adjusted yield is the same on the basis of the actual present and the projected amalgamation on the basis of 1954, but the source of those tax funds differs substantially as is shown in the final two columns.

Subject again to the qualifications that I made before, it becomes apparent that the Town of Jasper Place would benefit very materially insofar as levy is concerned; likewise would Beverly, and the City of Edmonton likewise. The City of Edmonton, for example, would be required to produce approximately half a million less in levy, and whereas the amounts for Jasper Place and Beverly are considerably smaller in amount, they are substantial in proportion. On the other side of the picture, however, the Scona fringe area, that is the industrial area that might be included in the city, would be paying higher taxes on this basis and, of course, so would the remainder of the municipality.

Will that explanation suffice, Mr. Clement, or could I answer any questions at this stage to tidy it up?

MR. MOFFAT: I was wondering about that, Mr. Clement, if you might take the questions on that table right along rather than leaving it to the end?

MR. CLEMENT: That would be satisfactory, I would think, sir, this is a computation isolated in itself. It might be as well to have it disposed of now, if it is agreeable to you.

THE CHAIRMAN: Thank you.

MR. CLEMENT: The indications of adjusted mill rates, I think, perhaps should be mentioned, the indication that there is some possibility that Sherritt Gordon might be faced with a mill rate of 80 after the projected amalgamation is something which gives more than a little concern to the company.

MR. MOFFAT EXAMINES THE WITNESS:

Q That was the first question I was going to ask: is it your opinion as an accountant that that figure of 80 mills is anywhere near being realistic?

A Not speaking as an accountant, but speaking as a taxpayer and a business man, I would say it is unrealistic, but it is indicative, sir.

Q I mean, in this sense, that if in fact the boundaries were changed, that the mill rate in the remainder of Strathcona would go anywhere near eighty.

A I know it will go up very substantially, but I assume that the budgets would have been revised substantially before a mill rate of eighty had ever been imposed.

Q If the budgets are not adjusted, do you think it would go anywhere, do you suppose it would go about fifty? Are you familiar with the table that is

Q (Cont.) in the exhibit put in by the Strathcona Municipality which suggests 46 mills rather than eighty.

A Yes, that is on the basis of a budget prepared in and for the year 1955, I believe it is, and suggests the mill rate of 46, is it?

Q Yes.

A That's correct, I have that understanding, but that is for the year 1955, of the cutting of the cloth on an entirely different scale, and, I assume, with the Sherritt Gordon assessment in, on the whole basis.

Q First of all, as to the year when anything like this could happen, what is the earliest year it could possibly happen?

A Oh, I would say 1956 or '57.

Q And by that stage the Sherritt Gordon assessment will be in?

A That's correct.

Q So that the figure in the Strathcona exhibit is at least in some respects related to the probable real situation?

A Quite right.

Q Now, as to the figures underlying this, you show that the expenditures by Strathcona would be reduced by $300,000.00. That is the figure that was used in your tabulation, is that correct?

A Yes.

Q I think you use the words "the amount which is required to service that area" is $300,000.00?

A As I am told, yes.

Q Have you made any calculation from there to take into account the change in the allocation of the Clover Bar School Division budget if the assessments are changed?

A No.

Q Would it surprise you if there is a difference of almost $200,000.00 in that one item?

A Not at all.

Q So that there should be another two hundred thousand in addition to the three hundred thousand?

A I think that would be so.

Q In addition, the assessment figure instead of being nine million should be nine million plus the Sherritt Gordon assessment?

A Not for 1954, no.

Q No, but for any year when this might come into effect?

A Quite right.

Q Do you suppose then that you might when you get this finished be closer to the other exhibit which I entered this morning, Exhibit 79E, which suggested thirty nine mills as a probable result from this calculation?

A I haven't had an opportunity to examine it. I won't challenge it without so doing.

Q In other words, it is less than half of the mill rate that your exhibit suggests?

A Please, sir, I didn't suggest that the mill rate would be eighty, I said it was an indication of

A (Cont.) the tremendous potential effect. I think I tried to make it clear that I didn't think that that would ever have actually happened, it is a purely hypothetical situation to apply future conditions to a past period, it is bound to be hypothetical.

Q You realize that only two adjustments are involved, one is the straight arithmetic of the allocation of the Clover Bar costs; the other is the arithmetic of adding in the Sherritt Gordon assessment; those two alone cut the mill rate in half from the figure you are talking about. Now, in addition to that, if there is any question of changes in the budget program of Strathcona, which is a different question altogether, and would be in addition to these figures I am talking about. Do you realize that?

A It might well be.

MR. MOFFAT: Thank you.

THE CHAIRMAN: I take it there are no other questions on this table. Then, Mr. Hamilton, if you will proceed?

MR. BLACKSTOCK QUESTIONS THE WITNESS:

Q Just one thing. Perhaps I am a little stupid, but these mill rates on the adjusted right hand side of the page, that only means that on all of your assumptions, Edmonton, Beverly and Jasper Place could reduce the mill rate to the figures quoted?

A That is correct.

Q That they could do that?

A That's right.

Q But that the assessment of the municipality inevitably would go up for 1954?

A That's correct. The tabulation is designed to show the direction of the adjustment rather than the extent of the adjustment.

> " It will be observed from the foregoing table that Edmonton, Beverly and Jasper Place would have all benefited substantially at the expense not only of Sherritt Gordon but of all of the farmers, small home owners, businesses and local industries in the Municipality."

Now then, Mr. Clement, sir, section "B" follows, which was dealt with by Mr. Hames this morning, as to some reasons why Sherritt Gordon Mines, Limited came to the Municipal District of Strathcona.

MR. CLEMENT: With your permission, sir, we will move on to Section "D" which is on page 4.

THE CHAIRMAN: Right.

MR. ROBISON: It is understood that this is going into the record, though?

MR. CLEMENT: Yes. I did with Mr. Hames touch on each of the reasons shown under "B", sir, during the course of his examination. Oh, yes, I intend the whole of the brief to be a part of the record.

A Mr. Hames also dealt with Section "C", "Disparity in industrial assessment in Alberta", except as to

A (Cont.) the concluding sentence of that section which reads:

" For this reason and to meet this situation Sherritt Gordon makes the several proposals following."

Which brings us to Section "D" entitled "Uniform Assessment Act".

" An examination of the various assessment provisions in force in Alberta discloses a serious lack of uniformity in the methods of assessment of industry. For example the Assessment Act which is based historically on an agricultural community and related business, requires the assessor to assess not only land at its fair actual value, but also (in cases other than farms) the fair actual value of buildings, plant and machinery. A town or village may also, at its discretion, levy a business tax."

MR. CLEMENT: Now, Mr. Chairman, I have quoted the sections of The Assessment Act and followed it with Sections from the City Act which seemed to be pertinent to the purposes of the Commission, did that for convenience of reference and for the value of comparison insofar as lack of uniformity in our assessing provisions pertain in Alberta.

I would think, sir, that it would add little to the discussion if Mr. Hamilton read these out. They are there for the purposes I have mentioned, but I doubt whether they warrant at

MR. CLEMENT: (Cont.) this stage being read out, but if I might just make a comment before we pass on.

The assessment Act on page 5 is set out under Section 2, subsection 2, the requirement that plant and machinery used in manufacture shall be subject to assessment.

That is one of the points which have already been brought to your attention by the brief of Canadian Chemicals as distinguishing municipal assessment from the uniform assessment of Ontario.

Section 8 of the Assessment Act gives the right to a municipality to levy a property tax, a personal property tax, and that again is levied on the fair actual value of the personal property.

The way these things operate, as you know, sir, it is practically an omnibus operation of assessment, what is not caught under the definition of buildings and improvements in the Assessment Act, is caught under the personal property assessment, all of which is taken in at the fair actual value, so that in saying that, I am presupposing that all municipalities, and I think perhaps most of them do provide for a personal property tax, so that this part of the Act seemed to me to be relevant for your consideration.

The towns and villages have the right to levy a business tax, and those provisions are in

MR. CLEMENT: (Cont.) Sections 20 and 21 of the Assessment Act which commences on page 7.

It is perhaps of some interest to compare the disparity even there of business assessment in towns and villages as compared with that under the City Act.

There are several bases for providing a business tax in towns and villages, whereas there is only one in the city, and in line to some extent with what Mr. Goldenberg was saying yesterday, there is room, discretion may be exercised to obviate unfairnesses in relation to one industry and another; one business and another as far as business tax is concerned.

Now, the provisions of the City Act, I think, particularly require a moment's comment by myself. I realize after having spoken to Mr. Robison briefly, that I was perhaps taking more for granted in my interpretation of the City Act than is actually warranted.

I mentioned to you, sir, that we have had the benefit of Mr. Coomb's advice in preparing this, and it was his view that the operation of the City Act in respect of non-assessment of plant and machinery was practically the equivalent of the non-assessment of industry under The Uniform Ontario Act.

Mr. Robison has pointed out to me that I may have taken too large a view of our City Act,

MR. CLEMENT: (Cont.) and that in all probability the interpretation put on the City Act circumscribes, I should say, brings into assessment plant and machinery which would not be brought into assessment under the Uniform Act of Ontario, and I had wanted particularly to draw your attention to that, sir, so that I could correct the impression which I have made apparently that, which I intentionally but erroneously made, that we should follow the provisions of the City Act, because, and I had said that because it was my understanding that the interpretation of it put it on the same basis as The Uniform Ontario Assessment Act.

Have I made myself clear there, sir, and I wish to thank you for correcting my impression.

MR. ROBISON: Thank you, Mr. Clement.

MR. CLEMENT: Then, I think if I may just leave that, sir, and have Mr. Hamilton carry on, at the bottom of page 14, please.

A " Highly industrialized Provinces such as Ontario and Quebec, and other Provinces with a history of industrial development such as Manitoba and British Columbia, have adopted and principle of uniformity of assessment and in so doing have provided for assessment of land and buildings of industry but not its plant and machinery. They have also made provisions for a business tax. Such provisions

A (Cont.)

"have been in force in Ontario since 1903 and have served to attract and encourage the growth of industry there. It seems apparent that the provisions of the old city charters which form the basis for the provisions of The City Act",

May I interpolate, "of Alberta",

"in respect of assessment, have been influenced by the legislation of the Provinces with industrial experience since until lately it has only been the cities within the Province that have enjoyed any appreciable industrialization. Alberta has set a course for encouraging industrial development and if this course is to be attended by success the taxation of industry ought not to be appreciably greater than in other provinces. Otherwise such advantages as Alberta has to offer could be outweighed by heavier taxation.

3. The growth of industry in rural areas is not confined to Strathcona and the problem of fair taxation of industry is increasing throughout the Province. The basis of assessment of industry should not be a compelling factor in choice of location.

4. It is reasonable that plant and machinery should not be taken into assessment of industry. The whole trend, which is accelerating

A (Cont.)

"as time goes on, is toward increasingly heavy capital investment in machinery because of the complexities of manufacture. Little demand is made by industry for municipal services. On the other hand the increasing mechanization of industry requires relatively fewer employees for the operation of the industry and hence industry does not bring into a municipality through its employees a demand for municipal services commensurate with the amount of its aggregate investment; or perhaps it might be said that since the ratio of employees to invested capital is decreasing, industry is becoming a greater taxation bonanza as time progresses. A substantial part of the investment is in plant and machinery. The Government has not at any time seen fit to assess the plant and machinery of farmers, nor the household appliances and furniture of home owners.

5. Sherritt Gordon therefore recommends that a uniform assessment act be adopted applicable to all taxing jurisdictions within the Province based on the provisions of The City Act,"

Subject to the remarks just made by Mr. Clement:

"but with these modifications:

(a) The provisions respecting business tax should be made uniform rather than discretionary or at the whim of council;

A (Cont.)

"(b) The language employed, particularly in definitions, should be simplified and clarified."

Section E entitled "Need for orderly planning".

" Each Province now realizes the importance of orderly planning and development of its areas. Unfortunately in many cases planning has come late and no doubt this is true to a certain extent in Edmonton and district. It is submitted by Sherritt Gordon, which has interests not only in Alberta but as well in Manitoba and Ontario, that orderly planning achieves its most useful results if done by a competent body as free as possible from local pressures. It suggests a planning body in charge of the entire area surrounding Edmonton (and extending if desired as far as its holdings in the Fort Saskatchewan District) having immediate authority to plan and to control as necessity arises. In this way Edmonton would be assured of proper areas to expand into and which it could annex from time to time as necessity arose. Such annexation could be made with the approval of the planning body. By this means the future interests of Edmonton could be preserved while at the same time relieving the City of the extreme problems that would arise should annexation of the whole of the prospective area

A (Cont.)

"take place at once. The problems of over-expansion are familiar to those who have lived in Edmonton for a long time."

The next section, Section "F" dealing with subventions:

" It is recognized that the Provincial Government has problems relating to subsidies and subventions to municipal governments including Strathcona. However in the analysis of the tax requirements of 1953, for instance, the total operating costs of Strathcona were",

I believe nine hundred and sixty eight thousand:

" and of that amount approximately $490,000.00 was paid for educational purposes. Sherritt Gordon recognizes that education is as necessary to industry as it is to any other segment of society and it does not try to avoid its obligations in that respect. Nevertheless it is obvious that industry has been and will be contributing substantially to education in Alberta. If, as is suggested by Beverly and Jasper Place, there would on consolidation of those areas with Edmonton be some loss in school grants, it would not be logical to look to the industry of another municipality to make up the loss. In Ontario it was recognized that it would not be right to deprive relatively distressed areas of the extra grants being

A (Cont.)

"made to them by the Provincial Government merely through the circumstance of such areas being taken into some larger unit. In such cases the Ontario Provincial Government by Chapter 73 of the Statutes of Ontario for 1953, and particularly section 128 made provision for the continuation in full of all grants for a period of time and thereafter on a diminishing scale until parity with the whole area is achieved. To do otherwise would result in the Province shifting an obligation which it had assumed onto a limited number of taxpayers."

MR. CLEMENT: I think the concluding paragraph has been already read by Mr. Hames.

A Except that it is respectfully submitted.

MR. CLEMENT: Oh, yes.

MR. MOFFAT EXAMINES THE WITNESS:

Q Mr. Hamilton, I have two subject matters. I won't say two questions because they will probably develop. At one stage in your brief just towards the end, page 16, you talk about the very high investment relative to the number of employees. Would it be fair to say that in its essentials you are asking that something should be done on the Provincial Assessment legislation with respect to the type of plant which has very heavy investment in production equipment relative to the

Q (Cont.) number of employees?

A -- the fact that industry does reflect a very high ratio of invested capital per employee is in my view the justification for the elimination of machinery and equipment from assessment. Whether or not it is possible to apply a correction factor which precisely reflects from one case to another, shall we say, fair, fairly the full impact of that differential, I'm not so sure.

Q Well, what I am trying to get clear in my own mind, is the distinction between your position and the position that was taken yesterday by Canadian Chemical. Their emphasis was on something to be done for new industry. Now, yours apparently is something to be done on industry that has a very heavy investment. Now, some time yesterday I wasn't sure just which way the emphasis was going and, therefore, I thought it worthwhile to clarify the point as far as you are concerned. Your emphasis is primarily in relation to this very heavy investment, but not simply because it is new, is that right?

A Yes, I think perhaps I would go this far: rationalizing the position of this company in the light of the evidence given on behalf of Canadian Chemicals yesterday, we would have no objection, in fact, we would welcome recognition as an infant industry, but we do see that there would be some very substantial practical difficulties in translating that desire to facilitate the

A (Cont.) introduction of heavy industry into practical assessment legislation. Now, if it could be done by the application of some percentage formula with proper limitations, we could see some merit to the suggestion, as applicable to our own situation, but it is, I respectfully suggest, a matter which would have to be dealt with very, very carefully, otherwise you would inject into assessment legislation the very thing that we are complaining about, and that is uncertainty, confusion, and brings us back to the point that in its infant stage at any rate, industry just wouldn't know where it was at, and we would rather pay a simple and certain tax of uniform application than be left to the whim of circumstance.

Now, if the idea that Mr. Mackenzie and Mr. Goldenberg were dealing with yesterday with respect to the desireability of assisting infant industry can be translated in a practical way without sacrificing simplicity and certainty, Sherritt Gordon would be in favor of it.

Q It struck me yesterday, as a matter of fact, that sometimes it sounded like the old infant industry tariff arguments that we have had, and I wondered when the infant would grow up and be prepared to go beyond this special consideration, and that's the reason why I wanted to clarify with you the distinction between the position you were apparently taking and the discussion in terms of the early years of operation of a new plant. One other

Q (Cont.) point: in the final sentence of that same paragraph, you say:

"The Government has not at any time seen fit to assess the plant and machinery of farmers",

surely the farm land is the main plant, the main production equipment the farmer has, and that is certainly taxed heavily enough in most cases.

A Yes, but there are elements of plant and equipment, I understand, which is on a farm and are not assessed, and I am not suggesting they should be assessed. As a matter of fact, sir, the same applies to household appliances and furniture of home owners. I think it is socially desirable that land and structures should be put to their best and fullest use, and anything which penalizes the exploitation of land, in using the term "exploitation" in its proper sense, is socially desirable, and a tax which has a --

MR. MOFFAT: Undesirable.

A Undesirable, right, and anything which has a repressive effect upon that type of investment if likewise undesirable.

Q Yes, but you would agree that taxation falling on farm land is right in the category of things that lead to penalty on exploitation of use of the land, and that anything that would suggest that the tax should be lightened on the production equipment of industry, by definition must mean somebody else pays it, which is the production

Q (Cont.) equipment of agricultural.

A If you want me to accept the notional concept that a farmer's land is like equipment, yes, I will agree with you.

Q It is his basic production equipment, that is the thing in which he has his biggest investment for production purposes.

A It is his investment, I won't agree it is his equipment.

MR. MOFFAT: Yes, thank you.

THE CHAIRMAN: It is time for the afternoon recess, 3:10, please.

(At this point the Commission stood adjourned until 3:10 p.m. and reconvenes.)

ALBERT WINSLOW HAMILTON, was recalled on his former oath, testified as follows:

THE CHAIRMAN: Mr. Brownlee?

MR. BROWNLEE EXAMINES THE WITNESS:

Q Mr. Hamilton, I would like to ask you this question: possibly a fairly broad one, and whether you are expressing the views of Sherritt Gordon or your own views doesn't matter too much to me, but I would like to ask you, what is your opinion of the proposal for the amalgamation of Edmonton, Beverly, Jasper Place and the industrial portion of Strathcona, and I might add to that, that we might even have to consider the possibility of a slight increase in the mill rate in the city.

MR. DAVIES: Would you like to ask Mr. Hamilton that in his capacity as a former councillor of Edmonton,

MR. DAVIES: Mr. Brownlee, rather than as an accountant as he is at the present time in the services of Sherritt Gordon?

MR. BROWNLEE: Possibly, sir, I might just leave it to Mr. Hamilton.

A Well, sir, Sherritt Gordon hopefully feels that it is under no immediate peril of annexation in the enlarged area, consequently is not presumed to express too firm an opinion on that score. However, you ask me the question, and I would be more than happy to express an opinion as a private citizen of the City of Edmonton, and also as Mr. Davies mentioned, as a former alderman of the city.

I am a home owner in Edmonton and I pay a relatively large tax on my home, but I feel I get a pretty good deal, and I'm not one of those who is going to say that the welfare of this community should be limited just because I can't or won't or shouldn't have to pay a little more tax, if that tax is not too steep. I still might be getting a good deal as a home owner, and particularly if that means that I am discharging along with my fellow citizens what may be a basic obligation to my neighbors.

Now, with respect to this matter, the particular problem of the possible consolidation of Edmonton, Beverly and Jasper Place, that is a subject that has been before us on a number of

A (Cont.) occasions over the past number of years. I recall very clearly that some ten or more years ago, a specific approach that was made by the town of Beverly to the city. I don't remember whether it was an official or unofficial approach, but, in any event, we couldn't see ourselves clear, our way clear at that time to entertain that proposal.

Now, I'm not going to say that in the light of the situation as we saw it at that time that we were wrong, I am prepared to say that we might well have been wrong, in the light of what has happened since. Now, it may be that Jasper Place, Beverly and Edmonton could or should form a homogeneous urban area where people that live together, we support the same football club;

we shop in the same stores to some extent; to some extent we work side by side in offices; we do business with one another; our children to some extent grow up together, and it may very well be that we should form one composite urban area. I'm not saying that that is so, I am saying it is a possibility, which, I am sure this Commission will consider, and it may also be that that composite urban area might best be administered by a single executive body for municipal purposes, and single executive bodies for public and separate school purposes, I don't know, and it might be that the whole of that composite area should be

A (Cont.) wrapped around with a green belt, and if that were so, I would like that green belt to be fairly tightly and fairly permanently drawn. It may be under those circumstances Edmonton would be just about the right size for us to live in happily and comfortably.

I never have been one of those seized with the merits of size just for the sake of business, and it might be that such a proposition would commend itself. I don't think that we necessarily have to confuse that issue with the situation that has recently developed in the Municipal District of Strathcona. I don't think it is proper to say that we will now recognize an obligation if that obligation does in fact exist, only because there is an opportunity to have somebody else pay the cost of our recognition of an obligation that may already be in existence.

Now, one further thought in that respect, and it is this: that if the cost to the citizens of Edmonton and to the businesses operating in the city should be slightly increased, I'm not sure that that burden would be so great that we would reject an obligation if that obligation exists, and further, I would hope that there would be a fair measure of success attendant upon an approach to the Provincial authorities to show that the burden was becoming ardent, in the expectation that the Provincial Government might see its way to

A (Cont.) continuing and increasing and expanding its present contributions toward the alleviation of that difficulty.

Does that respond to your question?

Q Thank you very much, sir, and I might say, in asking that, I have noticed the last sentence on page 17 of your brief.

Now, under Section E of your brief, "The need for orderly planning", I am a little concerned to know whether I am correctly interpreting the thoughts of Sherritt Gordon on that point. I can understand the suggestion that there is a necessity for orderly planning throughout a comparatively large area involving different municipal organizations, but I wondered whether it was your intention to go so far as to say that in your opinion it required that the executive authority or the final say must be taken away from a local government by the overriding authority, or would it be fair to say that you would still have room for a co-operative endeavour in planning between the adjoining municipalities?

A Expressing a personal opinion and, I believe, to some extent it reflects the feeling of Sherritt Gordon, our idea is that there should be competent and effective control over the use of land in the general area of the city.

Now, whether that effective and competent control and authority can only be exercised by a Provincial planning body or by a co-operative

A (Cont.) combination of the authorities of the municipalities concerned or in some other way, as long as the authority is there, competently and effectively exercised, we have nothing to suggest in the manner in which it should be applied.

Q Well now, that's what I was getting at, sir, in other words, you are saying nothing more than that there should be effective planning, you are not designating the matter in which it should be controlled?

A Yes. May I go on to say this: that if there is assurance of competent and effective authority, in our view it is a proper alternative to the bringing in at this time of land area into the City of Edmonton primarily for the purpose of having that area in the city for utilization at some time twenty five or thirty years from now.

MR. BROWNLEE: Thank you, Mr.Hamilton.

MR. ROBISON EXAMINES THE WITNESS:

Q Mr. Hamilton, I wish to thank you personally for the clarity of your exposition, and I am hoping that you could shed some light on two or three matters that I am interested in. You are familiar with the brief of the Canadian Chemical Company which was presented yesterday, and their recommendations.

A I heard it, sir, I haven't got a copy.

Q Well, on page 17 they refer to The Ontario Assessment Act. Now, I was interested a moment

Q (Cont.) ago in a statement which you made. I didn't get it just exactly, but I think we can come at it this way: in Section 17 of that Act it states that all fixed machinery used for manufacturing or farming purposes including the foundations on which the same rests, but not fixed machinery used, intended or required for the production or supply of motive power, in other words, there are exclusions in there. You remember they made a point of that?

A Right.

Q And it is suggested that the Act here might be amended to take care of that sort of an exclusion?

A Right.

Q Is it your position, the Company's position that they go along with that recommendation of the Canadian Chemical yesterday?

A As to the general nature of exclusions or as to the particularity of the exclusions?

Q Well, that was that statement you made about, there should be some exemptions because of the heavy capital invested, you made that statement, did you not?

A Right, sir.

Q Now, Mr. Moffat pursued that up to a point as to whether that was in regard to new industry, infant industry, or should it be a permanent matter such as outlined in The Ontario Assessment Act.

A We do feel that if one of the principal factors, one of the factors which influences industrialization is the matter of property tax; that the decision to locate in Alberta or elsewhere should not be substantially and adversely applied to the disadvantage of Alberta. Consequently, having in mind the observation that Mr. Max Mackenzie made more than once yesterday that they were interested in the end tax bill.

Q That's right.

A It does seem to me that having regard to the effect of taxation in the making of business decisions as to location, it is only proper and desirable that Alberta should not be placed at a disadvantage.

Now, when it comes to the specifying of the particular items of exclusion or inclusion, I think that that is a matter that better be left with the assessing experts who have in mind the particular problem in Alberta in relation to Ontario and other provinces and be able to deal with it on an objective basis, having in mind what the desired result is, that Alberta should not be adversely affected in the matter of the attraction of industry on this particular score of property tax.

Q An assessor while he may be dealing objectively, must deal with Statutes, and to accomplish the result that you hint which you might be interested in, it might be necessary to amend the statute, mightn't it?

A Quite, sir, more than that, I think it is most desirable that it should be.

Q Yes?

A In two things: I am told that the language of the statute is not too clear. I'm not presumptuous enough to say that as a layman, I say it on advice of counsel, and secondly, that there are a lot of assessing provisions which are permissive. In my judgment, two important factors of taxes are these: simplicity and certainty and I would much rather that the directions for the purposes of assessment be spelled out and spelled out in the statute rather than be left on a discretionary basis, provided that the situation is sufficiently carefully canvassed at the outset that clear discrimination is avoided.

Q To go on then to the next point: taking up your use of the word "permissive" there, the Canadian Chemical Company in their second point they said "To direct assessors in assessing new manufacturing industries", "to direct assessors", in other words, where an assessor has a judgment to exercise, and that's what he does, it's a real judgment because you have a right of appeal from that. Here they recommend that the assessor be directed. Now, that's what you are saying too, isn't it, or, is it, that you are going to direct the assessors and the people that assess the property to do or not to do

Q (Cont.) certain things. Therefore, all you are going to set up probably is a system of levies which are not assessments at all. Wouldn't that be the end result of that?

A No, sir, with respect, I am satisfied that no matter how much you attempt to spell out the rules of assessment by statute, there are bound to be certain matters left in the discretionary area, the judgment field. I am trying to narrow that judgment field down as much as possible and to inject into the assessment law as much certainty as it is possible to do.

Q All right, one last question: on page 17 of your brief here under the "need for orderly planning" half way down, you state:

> "It suggests a planning body in charge of the entire area surrounding Edmonton having immediate authority to plan and to control as necessity arises."

Now, I would appreciate some guidance at this point. Would the authority that you suggest having immediate authority, would there be any appeal from that authority? Would that be a regional authority? What kind of an authority? Would there be an appeal to some other body? Could you spell out that authority for us, or, would they have absolute power say at the local or district or regional level without appeal?

A I am always very nervous, sir, in a situation which

A (Cont.) may lead to arbitrary decisions affecting the welfare of the people in a very direct substantial manner, that there is not that feeling that justice is available at higher levels. I can see where this whole matter of town and district planning is a very vexing one; requires a lot of compromise, blending of viewpoints, and no decision is going to be entirely satisfactory to everyone concerned, and speaking quite generally, I do feel that matters of substantial importance should not be dealt with in summary fashion. Now, I have no had enough experience in the planning field to know what is the proper mechanism to apply, but I see those general principles, sir.

Q Would you give the planning body more certainty, but not too much summary jurisdiction, is that the point?

A Thank you for putting it that way, sir, that's what I had in mind.

Q I promised Mr. Clement that I would ask you this question: we have heard both from your client and others that they expect to pay their fair share of taxes, and my question is, the definition of "fair share", what are the indices that one would employ resulting in a fair share of taxes? You would have the concept of a fairness to the company and shareholders and also fairness to the municipality. Now, what would you suggest as some of the indices covering this statement "fair share of taxes"? Is it fair related only to the

Q (Cont.) financial, the sales of the company, its competitive situation, what are some of the other indices, or, are there other indices?

A I would say this, sir, that when you start talking as some people do about a tax being fair or equitable, you find yourself immediately in a morass, there is no such thing as a tax that is fair.

Q Thank you for admitting it.

A I do say this, sir, you speak of indices, I think there are a lot of tests that can be applied to determine what is a good tax. Whether it is fair or not to one side, it seems to me that a tax may fall in the general range of fairness and of reasonableness if it is not clearly offensive to the sense of fair play that the majority of people have.

Q MR. DAVIES: Is that the reasonable man you are talking about now, what is known in law as the reasonable man, the man who only does those things that the reasonable person would do and doesn't do things that an unreasonable person would do?

A Well, it's just that silly, Mr. Davies, it's all a question of whose ox is being gored. I will have a view that a certain tax is fair maybe because that it's a traditional tax. It's the old story of an old tax like old wine and old friends, better than new. It is when you start

A (Cont.) changing, that you apply the tests of reasonableness, more in light of the effect of the tax, and whether those effects are calculated to produce results and consequences which the majority of people can be anticipated to regard as being non-discriminatory and attended by desirable consequences.

Q MR. ROBISON: Then you would say on the basis of this, that what has been stated here with regard to a fair share of taxes has been merely a forensic matter and we can ignore it and use our own judgment.

A I think you could put quotation marks around the words "fair", "reasonable", "non-discriminatory".

Q Thanks for your frankness, Mr. Hamilton, that's all.

MR. BLACKSTOCK QUESTIONS THE WITNESS:

Q Mr. Hamilton, I don't want any erroneous impressions to go abroad regarding your statement. I think I must come back to it. After looking at it during the recess, I made up my mind to ask you a question. My interpretation of the effect of your statement, and my interpretation is this: that on the basis of your statement as applied to the year 1954, and in the event of amalgamation, the taxes in Edmonton may go down and the taxes in Strathcona may go up. Is that a fair interpretation?

A Might have, sir, if you substitute the phrase "might have" for "may" I think you reflect what I was trying to demonstrate.

Q I just don't want erroneous impressions to go on the street that if this thing goes through, the Edmonton mill rate is going down to fifty point something and Strathcona's is going up to eighty three.

A And, of course, it's all on the basis of other things being equal?

Q Oh, I agree, I know that, Mr. Hamilton, but so many people look at the end result without considering the factors which produce that result.

A And likewise, sir, I would like to emphasize so that the unfortunate impression might not be carried abroad, it would never enter my mind that the mill rate in Strathcona remainder would ever have been 80.55 mills, for such reasons as Mr. Moffat brought out.

MR. ROBISON: That wouldn't be fair, Mr. Hamilton.

A Slightly discriminatory, sir.

THE CHAIRMAN: Either with or without quotation marks?

A That's right.

MR. HAYES EXAMINES THE WITNESS:

Q Isn't it a fact that what we all pay in taxes is the lowest amount that we can get away with?

A The common attitude, Mr. Hayes.

Q I think so, all taxes, all these taxes, in other words, when we say we pay our fair share, it's the lowest figure that we can get away with, in all cases?

A I think that is true on an individualistic basis,

A (Cont.) Mr. Hayes, but I can very well visualize, well, recognize that collectively we are quite prepared frequently to pay more taxes to get more service. Now, quite often we tend to divorce the benefit from the cause, which you can't do that. We insist on improvements in our fire protection facilities in the City of Edmonton knowing full well that it is going to cost more in the way of taxes, and we require more schooling, we clamor for it, not only that but other services, knowing that there are attendant costs, but, that is a collective judgment, and within that framework, I think your proposition is quite sound, that we may agree that we should all pay more taxes, but I hope mine goes up as little as possible.

Q I have often used that expression that whatever your tax structure is and the services that you get from it, you can pave the streets with gold if you care to pay the taxes necessary to provide that, so it all depends on how much service you get from them. When we say "fair tax", I can see the position of the Commission in that, how to apply fair tax, and in general it is the lowest amount that we can get away with?

A Right.

MR. DAVIES EXAMINES THE WITNESS:

Q Mr. Hamilton, one matter that is concerning me as a member of this Commission, and I am sure it is also concerning the other members of the Commission,

Q (Cont.) is what, if anything, we could do to encourage industry to come to this province for the purpose of developing our natural resources to the best advantage of the people in this province and of Canada as a whole.

Now, I quite recognize that it is possible to have a good rugby team from the point of view of composition of players, but through bad management or through bad policy have your team at the end of the league. It would be quite possible for me to have 100 acres of cabbages ready to harvest and cabbages in short supply, but because I refuse to pay adequate wages, possibly lose all the crop, which is no good for me or no good for the market that needs the cabbages. And that is one thing that is getting me some concern about what, if anything, this Commission might do in its recommendations to encourage industry under fair and equitable conditions to exploit the resources of this province.

We were told yesterday that the investment in the Canadian Chemical Company plant was seventy five million, and we are told today that the investment in the Sherritt Gordon plant stands at roughly twenty five million. Those two figures added together make up 25% practically of the total Dominion Government budget for all of Canada in 1935 and, I believe, those two figures combined for these two plants represent

Q (Cont.) 400% of the total budget for the Province of Alberta for the year 1935.

Now, to me that is very real money even in these days of inflation. That money has to be raised, bonds have to be floated; interest has to be paid on it; shares have to be sold. Perhaps that is a minor extent in the way in which the capital is obtained, and if this capital is going to come to this province, it has to have encouragement.

Now, the question arises, what encouragement is it that it needs that is fair and equitable?

Now, yesterday we were told that as far as Canadian Chemical were concerned, that only one percent of their market was in this province, and it's obvious that all the produce of this refinery has to go back down east. So there is no market for the produce of this refinery here, and so there are some factors that adversely affect the development of these resources. To all of us, I think it is apparent, a small local market and the question of freight rates.

I wonder, as an accountant, if you could give this Commission while you are here some definite illustration of the impact of freight rates and the increase in freight rates on those who come to establish industry in Alberta and have to export their products? We hear about high freight rates. Can you give us some practical

Q (Cont.) implications of exactly what that means? Are you in a position to do that?

A I haven't got any basic data to present to the Commission. One curious anomaly that results from high freight rates, and that is that it tends to in some peculiar cases to attract industry to the apex for the simple reason that their supply material may be local and their market may be local, and as freight rates increase on an inward haul, they have a competitive advantage as regards someone who is remote from the area, but generally speaking, I think the judgment of the business men, whereas in the final analysis it is reduced to dollars and cents basis, it is nevertheless affected psychologically, unduly by the mere fact that certain factors are adverse. As I see the situation, if we will be frank with ourselves, that where we wish to attract industry for the exploitation of our natural resources, and I'm not thinking alone of natural gas, but of coal and of lumber and so on, where the produce must go into the world market, as I say, if we will be frank with ourselves, the one important factor that we have which is in our favor, is the availability of that natural resource at a price here lower than at which it can be procured elsewhere. There is nothing magical about the name of Alberta that will bring people here for industrial purposes unless we can show that we have something to offer

A (Cont.) them, and in most cases such as we have been discussing in the last two days, the principle advantage that we have is that of cheap and relatively assured supply of gas.

Now, as against that, it has been touched on more than once, we have tough freight hauls inward and outward to remote markets; no particular available supply of labor, technical or otherwise, and relating this discussion to the subject at hand, it would be unfortunate if we were to throw into the scales on the adverse side a discriminatory tax structure. Now, I use the discriminatory tax structure phrase in the sense only that it doesn't stand up competitively.

Mr. Clement, would you like me to introduce that information regarding the assessment of International Nickel?

MR. CLEMENT: I had overlooked, sir, and I was going to give you what we had in respect of our competitor's tax position and this might be an appropriate time to introduce it.

THE CHAIRMAN: Yes, I remember you mentioned that.

A Before I do, sir, Mr. Davies, speaking particularly of the freight costs, I am reminded that of the total operating costs of Sherritt Gordon, our freight bill constitutes approximately 40%.

MR. DAVIES: That is the type of information I had in mind as a cost factor of doing business, that is between shipping your product from Lynn Lake into

MR. DAVIES: (Cont.) Fort Saskatchewan and getting your finished product out. Now, as I understand it, that is 40 cents on the dollar, is that right?

A That is my understanding, and property taxes are a significant factor; natural gas is a factor, but it's not a compelling factor, it's one of them.

Now, speaking of this matter of comparative assessment: this information was procured for us last Saturday at our request. I am satisfied it is approximately accurate and relevant.

International Nickel operating at Port Colborne which is our dominant competitor, has an assessment made up as follows: land approximately $160,000.00; buildings one million six hundred and ninety-nine thousand nine hundred, and business assessment $948,100.00, a total assessment of $2,808,000.00.

Now, that is the plant that supplies 80% of the world market as compared with the Sherritt Gordon plant here which supplies approximately 5%.

Now, I can't convert that into a direct comparison between International's assessment and our assessment because we don't know what our assessment is going to be, but if you carry it down one step further and apply the mill rate, you find that the mill rate in Port Colborne is, I believe, 67 mills, which gives a tax yield, if I remember correctly, on the order of $188,000.00.

Q MR. ROBISON: You would have to have a lot more information before you could compare that situation with the situation you have here, for example, what did their plant cost them.

A Quite right, sir, I am just saying, on a competitive basis.

Q MR. ROBISON: You are thinking of the taxes to be paid?

A If you confine your attention only, and, I realize that is a very dangerous thing to do, if you confine your attention solely to the matter of property tax, if we pay more than one sixteenth of what they are paying on that particular point, and ignoring all else, we are at a disadvantage.

Q MR. DAVIES: The fact of the matter is, that as far as the expense factor of local taxes is concerned, that that plant there, however old it might be, or whatever shape it might be in, and I think we can assume that all those plants are kept in very good operating order, they have to be efficient, that the tax load there is considerably less than what it is, what it is indicated possibly to be in the Fort Saskatchewan area. That's right, isn't it?

A That's right.

Q Now, one other thing in connection with this general recommendation, about the desirability for a uniform assessment Act in the province, one can see many possibilities of advantage in the realm of certainty and simplicity and so on. I was wondering if

Q (Cont.) you had given any thought to the position of the average rural town and villages in Alberta? We get accustomed here to listen to what Beverly and Jasper Place has to say about the question of not having any commercial assessment or industry, but the fact of the matter is that in all these little towns and rural centres of Alberta they have no industry and they have very little commercial assessment. Only the stores that are there and the homes of the people, still a great many of them have been installing sewer and water systems, as you know, Mr. Hamilton, in recent years, and I think the personal property tax and that type of tax was in our legislation largely because of the fact that if you haven't got some tax of that kind in many of those centres in Alberta, then they have a grossly inadequate tax base, and I think that is the basic reason for differentiation between urban assessment and the assessment in the smaller places.

A -- might I just answer in this way, Mr. Davies? In the first place, I think there is a danger of the public generally regarding incoming industry primarily as a place to raise some tax money, overlooking the primary advantage of industry which is to provide suitable high class employment opportunity and a general rise in the standard of living, taxes apart. Now, bearing that situation in mind, our belief is that you should

A (Cont.) get tax on industry down to a basis or a level where it is not going to be a plum that people are going to fight over, and it is going to find its location where it ought properly to be for other economic reasons, and I think if we were to persuade the senior governments to assume a larger proportion of the social costs that are now paid out of the general property rates, then the tax levy on industrial property and business property and residential property would go down to the point where there wouldn't be this fighting over the location of industry, and by the same token, in the situation of the small towns that you cite, if we could shift, as I earnestly believe we should, the burden of taxation for educational and other social purposes onto a much broader Provincial basis if not a national basis, then the problems of municipal taxation are in a very large measure solved.

MR. GARSIDE: May I ask one question?

MR. GARSIDE EXAMINES THE WITNESS:

Q Mr. Hamilton, I suppose that your company or the company you represent pays other taxes besides the land tax?

A In respect of the property at Fort Saskatchewan?

Q In connection with, yes, the business at Fort Saskatchewan, don't you pay a tax to the Provincial Government in respect of certain

Q (Cont.) commodities, don't you pay stock-in-trade tax to the municipality, don't you pay income tax?

A I would have to be instructed, Mr. Garside, I haven't got the information to my own knowledge. I would be glad to get it.

Q What I would like to find out, we have been talking about land taxes and the heavy burden. I would like to find out from some source, take for instance, your company, your total daily operations may show total taxes paid out, income tax, other types of taxes that you have to pay, it is far and away in excess or out of proportion to the land taxes. Does your burden of taxes as far as the company carrying on business is concerned lie more in the taxes that you have to pay to the province and the Dominion than they do to the municipality in which you are located?

MR. CLEMENT: I am afraid, sir, we will be unable to give Mr. Garside the information because Sherritt Gordon has for some years been in the course of reconversion and re-allocation of its industry. It has not been in an operating position since, I think, 1951, is it? So that we just don't have those.

MR. GARSIDE: I'm not concerned so much with the amount as the proportion.

A I think I follow Mr. Garside's line of reasoning, and I believe there is information before the Commission right now which shows the tremendous increase in the gross amount of taxes paid to the

A (Cont.) national and provincial governments in relation to the municipal taxes that are paid, not particularly by Sherritt Gordon, but by the tax paying public in the country at large, and I quite agree with the proposition, Mr. Garside.

THE CHAIRMAN: Are there any other questions to be answered by this witness? Then, Mr. Hamilton, thank you very much. I am very grateful for your more or less general statement in answering a general question as to your own position, individual position as a taxpayer in the City of Edmonton.

I would like to associate myself with your position in that regard. I think it was very fine statement.

A Thank you, sir.

(The witness retires.)

THE CHAIRMAN: Since we are not prepared to go on with number 4, The Edmonton Council of Community Service until to-morrow morning, we now stand adjourned until 9:45 a.m., Wednesday.

(At this point the Commission stood adjourned until 9:45 a.m., Wednesday, November 24th, A.D. 1954.)